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GENERAL

Gulf oil fears after attack on Kuwait

The threat to Gulf oil supplies from the war between Iran and Iraq resurfaced yesterday when Iranian aircraft bombed and damaged an oil-gathering station in northern Kuwait.

The attack was strongly denied in Tehran but, in Washington, Mr Alexander Haig, U.S. Secretary of State, told the U.S. Senate Foreign Relations Committee that U.S. Awacs radar aircraft based in Saudi Arabia monitored the attack. He used the incident to emphasise the importance of the $8.5bn (£4.6bn) Awacs deal with teh Saudis. Back Page

Earlier Mr Haig told the committee that a U.S. "presence" would be maintained on the five Awacs aircraft well into the 1990s. The deal faces fierce opposition from both houses of Congress.

Times peace

Closure of the Times and Sunday Times was averted last night after a second intervention by Mr Len Murray, TUC general secretary. Back Page

Beirut killings

Up to 40 were killed and hundreds wounded when a car bomb exploded in a crowded street in Beirut's Palestinian quarter. Page 2

'Yellow rain' tour

A U.S. Government group is visiting European capitals to present evidence of "yellow rain"—lethal chemical weapons allegedly used by Soviet-supported troops in Southeast Asia.

FitzGerald acts

Irish Premier Garret FitzGerald has asked the republic's attorney-general to review the constitution, particularly clauses concerning the jurisdiction of Northern Ireland and those banning divorce.

Typhoid cases

Two adults and two children were being treated for typhoid in Birmingham but doctors said there was no cause for public alarm.

Tory MP dies

Conservative's face another electoral test this winter following the death of Sir Graham Page, 70, Tory MP for Crosby. He had held the seat since 1953 and had a 19,272 majority in the last election.

Escapees sought

Police were hunting four prisoners, two of them handcuffed together, who escaped from a prison coach in Forest Hill, South London.

Gallantry award

Customs investigator Peter Bennet, shot trying to arrest a drugs smuggler, will receive the Queen's Gallantry Medal posthumously. Two policemen who captured the man will also receive the medal.

Aborigine plea

A delegation of Aborigines will visit southern Africa and the Caribbean next month to seek support for a boycott of next year's Commonwealth Games.

Fleet's farewell

The Royal Navy will end a form of sea warfare spanning 400 years on December 9 when HMS London fires the fleet's last broadside.

Briefly . . .

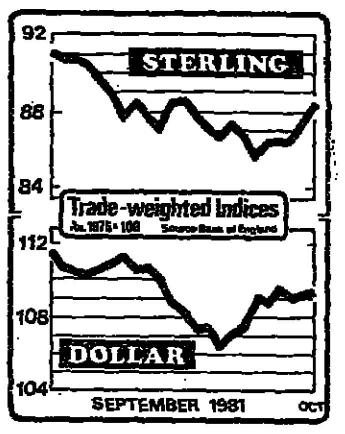
Four gunmen killed a former Italian Army Lieutenant in Rome.

Torquay and Richmond called off rugby matches with South African side Durban Collegians.

Ghana's President Hilla Limann sacked nine ministers, including three cabinet members.

Sterling up 2.56c; Equities stable

● STERLING, boosted by the base rates increase, rose 2.65 cents to close at $1.8315 in London. It rose to DM 4.2575 (DM 4.195), SwFr 3.605 (SwFr 3.565), FFr 10.2 (FFr 10.03) and Y427 (Y419.5). Its trade-weighted index rose to 88.5 (87.4). Page 32



● DOLLAR weakened to close in London at DM 2.323 (DM 2.324) and SwFr 1.9675 (SwFr 1.975), but rose to FFr 5.57 (FFr 5.56) and Y233.1 (Y232.2). Its trade-weighted index rose to 109.3 (109.2). Page 32

● GOLD rose $4.5 to $435 in London. The Comex October close was $429. Page 32

● EQUITIES showed stability, the FT 30-share index closing 0.4 down at 475. Page 42

● GILTS trading was fairly calm. The Government Securities Index lost 0.01 to close at 60.66. Page 42

● WALL STREET was down 1.33 at 848.65 near the close. Page 49

● HUNGARY introduced a unified forint exchange rate to replace the previous two.

● CHINA may ask the IMF for a record $6bn (£3.28bn) loan.

● EEC GOVERNMENTS are studying tough European Commission import quota proposals for textiles from developing countries.

● CHIEF TREASURY Secretary, Mr Leon Brittan, said lower living standards because of pay rise limits would increase investable job-creating profits. Page 6

● BRITISH AIRWAYS plans to save £15m in the next 5 years by contracting out European and UK catering. Page 7

● IBM announced major changes in the U.S. operations of its international computer making business. Back Page

● OFFSHORE OIL licences granted in the final batch of the 7th round include Elf and Tota of France in the list of 11. Back Page

● ITALIAN state-owned ENI energy group's manufacturing subsidiary Nuovo Pignone will supply 19 of the 41 compressor stations for the Soviet gas pipeline. Back Page

● CO-OPERATIVE Wholesale Society reported improved interim trading profits of £7.1m (£5.4m) for the half-year to June 27—the first time such information has been published. Page 7

COMPANIES

Habitat success

● HABITAT'S £12m tender offer of up to 10.9m shares drew an average tender of 118p from 2,000 applicants. All shares will be sold at 110p. Dealing starts on Wednesday. Page 20

● WARD WHITE, the shoe making group, whose pre-tax profits fell to £1.46m (£1.81m) for the 6 months to June 30, is considering a cash bid for retailers Hiltons Footwear. Page 28

● VICKERS reported lower pre-tax profits of £9.5m (£12.6m) for the first half of 1981. Page 20, Lex Back Page

Setback for economic strategy as lending rates rise to 16%

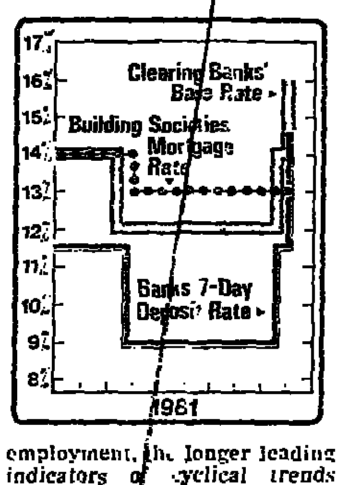
BY DUNCAN CAMPBELL-SMITH AND ANATOLE KALETSKY

THE BRITISH clearing banks yesterday raised their base lending rates by 2 percentage points to 16 per cent. The move, accompanied by upward adjustments across the broad range of their commercial banking services, followed an earlier increase of 2 percentage points to 14 per cent only 16 days ago. The banks blamed their need for higher lending rates on changes in the money markets where short-term rates have risen significantly in recent days. The move to a higher base rate level had been generally anticipated in the markets, which appeared to draw some comfort from it. But it was greeted with dismay in many industrial quarters.

Although Sir Geoffrey Howe, the Chancellor of the Exchequer, yesterday insisted that the tentative economic recovery which began in the spring would continue despite the jump in interest rates, the events of the past few weeks represent a significant setback for th Government's economic strategy.

Even before the increase in base rates two weeks ago, indication were emerging that the recovery from recession could prove even slower than had been expected in the summer.

September's figures for unemployment, the longer leading indicators of cyclical trends and the CBI business opinion survey published this week were all somewhat disappointing.



The new base rates will mean charges of 17 per cent for the best industrial borrowers and overdraft rates of 19-21 per cent for most personal customers.

However, the banks have narrowed the margin between their lending charges and the rates now available on deposit. This spread was formerly 2½ or 3 per centage points. By lifting their seven-day deposits to 14½ per cent most of the clearers have accepted a reduced spread of 1½ percentage points. Lloyds, the odd man out with a two-point spread, yesterday expressed some surprise at this policy change by its competitors.

Sterling reacted firmly to the base rate news, particularly against a slightly weaker dollar. It immediately gained 1 cent when the first increase was announced, by Barclays, in mid-morning. It rose further in the early afternoon, closing at $1.8315, up 2.65 cents on Wednesday's finish. It also gained against the D-Mark, from DM 4.195 to DM 4.2575.

Other markets were generally unchanged. Dealers said that the clearers' action had been discounted over recent days as upward pressure on interest rates grew increasingly evident. The FT Government Securities Index was virtually unchanged, down 0.01 to 60.66.

On the equity market, shares recovered from an initial drop of 10.7 by the FT Industrial Ordinary Index and attracted some institutional buying. The index closed down 0.4 at 475.0.

The short-term prospects for

Continued on Back Page

Lower rises "will mean more jobs." Page 6; Editorial Comment, Page 18; Money Markets, Page 32; Lex, Back Page

Mortgage rate set to rise 2 points

By Andrew Taylor

A RISE in building society mortgage rates of two percentage points looked increasingly likely last night following yesterday's rise in bank interest rates.

The building societies meet next Friday to discuss interest rates. A mortgage rate increase has been described as "inevitable."

Three of the big four clearing banks have already moved to increase their home loan rates. Barclays increased its mortgage rate yesterday from 14 per cent to 15½ per cent and National Westminster from 13½ per cent to 15 per cent.

Midland's mortgage rate had already increased to 16 per cent, while Lloyds is maintaining its rates for the time being at 14 per cent.

Gross monthly repayments on a £15,000 loan over 25 years.

13 per cent	£170.55
14½ per cent	£187.65
15 per cent	£193.30
15½ per cent	£199.20

The building society base mortgage rate—with higher rates charged for larger loans—is at present 13 per cent. However, the reactions of society chiefs to the various interest rate moves yesterday reveals that there are still wide differences of opinion about where societies should pitch their mortgage and investment rates when they meet.

Some larger societies, such as the Provincial, were in favour of a mortgage rate of no higher than 14½ to 14¾ per cent. Other societies were talking of raising the mortgage rate to a record 15½ per cent.

However, Nationwide suggested that it would be putting its weight behind an increase to 15 per cent, while at this stage would appear to be the most likely compromise.

A rise in the mortgage rate to 15 per cent would seem most likely to be accompanied by an increase in societies' ordinary share investment account rates from 8¾ per cent to about 10 per cent.

The Building Societies Association had warned that an increase in mortgage rates was inevitable after last month's decision by the clearing banks to raise base rates by two percentage points. Yesterday's further rise in

Continued on Back Page

Benn puts major price on role in Shadow Cabinet

BY RICHARD EVANS, LOBBY EDITOR

MR MICHAEL FOOT faced the prospect of continuing conflict within the Labour Party last night as Mr Tony Benn prepared to set unprecedented conditions for membership of the Shadow Cabinet.

Mr Foot is desperately anxious to have Mr Benn on his front bench so that he is effectively prevented from criticising his parliamentary colleagues—but this now looks highly improbable.

Mr Benn will only contest next month's Shadow Cabinet elections if he is allowed complete freedom to attack any deviation by colleagues from official party policy.

Mr Foot, who intends to see Mr Benn within the next week to discuss his future role, cannot accept such conditions. Neither would a majority of Labour MPs vote for Mr Benn in such circumstances.

The scene is therefore set for a running war between Mr Benn and those members of the Shadow Cabinet—including Mr Denis Healey, deputy leader, who are not in sympathy with all aspects of party policy.

Mr Foot confirmed on BBC television's Nationwide programme last night that he would like to see Mr Benn in the shadow Cabinet with a senior portfolio. But in the same programme Mr Benn was non-committal, stressing that the key test was whether shadow Cabinet members advocated party policy.

At the party conference in Brighton Mr Benn and his supporters came desperately close yesterday to giving the national executive committee the ultimate say in drafting the party's election manifesto.

After years of persistent pressure from the far-Left ford rafting to be wrenched away from the parliamentary leadership, the principle was established against the strong advice of Mr Foot. However party moderates were let off the hook by a second vote which failed to amend the party's constitution to bring the new principle into effect.

A dramatic day's developments illustrated how precariusly balanced the division of power in the party remains, and how vulnerable Mr Foot still is to astute tactical assaults from the far-Left.

The party's continuing volatility was underlined by the departure to the Social Democratic Party last night of Dr Dickson Mabon, former Energy Minister and MP for Greenock and Port Glasgow. Mr Bob Mitchell, MP for Southampton, Itchen, is expected to follow him on Monday.

If more Labour MPs defect in the coming months, they will weaken Mr Healey's strength in the Parliamentary Labour Party — a relevant factor should Mr Benn, against the advice of many colleagues, decide to contest the deputy leadership again next year.

There was confirmation of the party's fiercely anti-Common Market stance with the passing by an overwhelming majority of a resolution calling for withdrawal without the need to hold a referendum. The party is now officially committed to taking Britain out of the European Community within a year of gaining office.

The abandonment of the referendum—it is assumed that a general election win would be a sufficient mandate — has appalled the remaining pro-Marketeers in the party and the policy will put Mr Healey, Mr Roy Hattersley and others in a difficult position. There is no prospect whatever of a change of policy before the next general election.

The vote on the drafting of the manifesto was in many ways the most important of the week, apart from the balloting of the NEC. At last year's conference, the Left achieved the first two targets in a constitutional treble, the mandatory reselection of MPs and the election of the leader and deputy leader by an electoral college rather than by MPs alone. However, the attempt to take control of the manifesto was narrowly lost.

Yesterday, the principle was clearly established by 3.6m votes to 3.4m. However, after an impassioned plea from Mr Foot, the conference rejected the constitutional amendment, largely because of a decision to back Mr Foot by the Union of Shop Distributive and Allied Workers.

Under the newly introduced three-year rule, it will not be possible to bring the issue up again before the next general election without NEC backing. Because of the changed balance on the executive which now has a "loyalist Foot majority," this is unlikely to be given.

It was nevertheless an uncomfortable debate for the party leader, who had put his authority on the line—and nearly saw it in tatters.

Conference report, Politics Today, Pa

£ in New York

	Sept. 30
Spot	$1.8095-8
1 month	0.08-0.15
3 months	0.45-0.5
12 months	2.20-2.4

Additional rescheduling of Poland's debts agreed

BY ALAN FRIEDMAN

WESTERN BANKERS and Polish Government officials have reached an understanding that Poland's 1982 and 1983 commercial debt repayment, totalling more than $4bn (£2.2bn) will be rescheduled.

Polish officials have asked the bankers to work closely with them on the country's economic programme. This was in response to the repeated requests by the bankers for details of the programmes.

The understanding follows Wednesday's agreement on the rescheduling of the $2.4bn of 1981 debt.

Herr Ortwin Klapper, the Creditanstalt Bankverein official who chaired three days of meetings in Vienna between the West's 21-member task force and Polish officials, said yesterday: "It is well understood that the rescheduling for 1981 only makes sense if Polish debt in 1982 and 1983 is also rescheduled."

The commercial bank debt due in 1982 and 1983 would be in excess of $2bn each year, he said. This is only the principal, without interest, just as the $2.4bn which is to be rescheduled from this year is also only the principal.

The terms of the rescheduling show that the bankers appear to have achieved their goal of allowing Poland to reschedule only 95 per cent of the debt falling due in the last nine months of this year. Herr Klapper and several other task-force members flew to Warsaw on Wednesday and met Mr Marian Krzak, the Polish Finance Minister.

Herr Klapper explained: "We indicated to them that it would have to be 95 per cent, but we said there was a possibility of spreading repayment of the remaining 5 per cent to next year."

As a result, said Herr Klapper, Poland agreed to the Western bankers' plan, which calls for 5 per cent of the $2.4bn to be repaid next year in three instalments. The remainder of this year's debt will be rescheduled over seven years at a 1¾ per cent margin above the London interbank rate.

There will, however, be a four-year grace period. Poland will not have to make any payments until 1986 when it will make seven consecutive semi-annual instalments.

Mr Marian Kizak, the Polish Finance Minister, was reluctant to agree to the immediate repayment of the 5 per cent. He told the bankers in Warsaw that Poland faces a "liquidity problem" because of high energy costs this winter.

Poland's total commercial bank debt to the West is estimated at about $17bn.

Move to oust Walesa, Page 2

STC wins £170m cable order

BY JASON CRISP

STANDARD Telephones and Cables, the British subsidiary of ITT, has won a £170m order for an undersea telecommunications cable between Australia and Canada. It will be the largest telecommunications export order won by the UK and was achieved in competition with the Japanese.

STC, the world's largest manufacturer of submarine telecommunications cables, will have its order book more than doubled by the deal. The company, which has 15 per cent of its shares quoted in Britain, recently disappointed the stock market with lower profits for the first half of the year.

The cable, capable of carrying 1,380 telephone circuits, will run from Sydney to Vancouver and will link New Zealand, Norfolk Island, Fiji and Hawaii. Codenamed Anzcan, it is scheduled to be completed in August 1984.

The contract will mean 150 new jobs at STC's cable factory in Southampton, of which 100 have already been filled. Electronic repeaters, which will be used along the line to boost the telephone signal, are to be made in a special clean area in its Greenwich, south London, factory.

A similar clean facility is being set up in another ITT subsidiary in Australia, which will make 40 per cent of the 1,000 repeaters needed for the cable, 8,000 nautical miles long. The second facility is expected to create 120 jobs.

STC will buy aluminium from New Zealand, steel housings from Australia and electronic terminal equipment from Canada. It is thought that the willingness to buy from the participating countries and the resultant creation of Australian jobs may have helped in winning the contract.

Loans to finance the cable were arranged and managed by Midland Bank and were made mainly by the Midland and International Westminster Bank. The loans package totals £160m with repayment in just over 10 years. It is guaranteed by the Export Credits Guarantee Department.

The contract, to be signed in Vancouver today, is with the Overseas Telecommunications Commission (Australia), Teleglobe Canada, the New Zealand Post Office and Fiji International Telecommunications.

The Australians will own about half of the lines in the cable, Canada 20 per cent, and New Zealand 15 per cent. Other telephone administrations will have the rest with British Telecom believed to be taking up to 10 per cent.

the Government hopes in part to denationalise, will charter two of its cable-laying ships to STC from October next year until 1984.

Background, Page 5

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Air Call	190	+ 20
Assed Book Pblshrs	293	+ 20
Baker Elec	28	+ 15
Berkeley Hambro	223	+ 8
Bowthorpe	172	+ 12
Firth (G. M.)	131	+ 9
Fitch Lovell	75	+ 9
Grant Brothers	180	+ 25
Grattan Warehouses	90	+ 6
Hiltons Footwear	104	+ 36
Hunting Gibson	105	+ 9
Linfood	144	+ 7
Office Electronic	285	+ 15
Oliver (G.) A	100	+ 10
Tern-Consulate	66	+ 10
Turriff	103	+ 7
Warren Plants	217	+ 10
BP	270	+ 10
Eglington	95	+ 30
LASMO	488	+ 20
Pict Petroleum	210	+ 40
Silvermines	76	+ 6
Westfield Minerals	67	+ 10

FALLS

Treas 9¼pc 1983	£90½	— ½
Barratt Dvlpmnts	214	— 4
Christies Intnl	148	— 17
Elbar	160	— 20
Peters Stores	78	— 10
Plessey	300	— 8
Tube Invs	112	— 6
Allstate	52	— 6
Greenbushes Tin	80	— 15
North Broken Hill	161	— 9
Poseidon	207	— 8

CONTENTS

For latest Share Index phone 01-246 8026

Brussels support for UK complaint on energy prices

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission has partially confirmed British industry's complaint that it is paying more for its energy than continental competitors in an unpublished proposal which has just been sent to member Governments.

But the Commission's broad conclusions on energy pricing policies in the Ten suggest that not enough is known about the cost of supplies to heavy industrial consumers to substantiate many of the detailed claims made in the British National Economic Development Council's report of last March.

As a result, the Commission has drafted a resolution for the Council of Ministers inviting the Ten to work steadily towards much greater openness over pricing and towards harmonisation of energy prices.

Referring to the NEDC's claim that electricity and gas prices to British consumers are relatively high, and especially so in comparison with France and West Germany, the Commission says that its investigations suggest "that this is probably true of electricity but the position on gas is less clear."

The Commission says that it knows of no source of information on gas pricing to very large consumers and especially on the chemical industry's feed-stock costs. It adds that as a big proportion of gas supplies for industrial use is based on widely varying conditions, price comparisons are difficult.

The Commission says that it cannot make a judgment on the NEDC's complaints. But it adds that pricing must be less secretive and it asks for the collection of reliable information on gas import prices "initially on a restricted basis."

It implies that a special reason for differences between electricity prices to industry is the extent to which France and West Germany offer attractive incentives to large consumers to confine demand to off-peak hours. As a result their tariffs fall markedly as consumption rises.

On coal, costs of EEC production vary between 20 and 30 per cent the Commission says. But the alignment of prices between coalfields or on imported coal prices reduces these differences. Its research suggests that prices for industrial coal differ by less than those of other fuels.

The Commission's conclusions and its draft resolution will launch a lively debate between Energy Ministers at their meeting on October 27. The British Government, having rejected industry's demands for relief on heavy fuel oil tax, is bound to be pressing hard for progress on information sharing and moves towards price harmonisation.

'Wine war' ultimatum to France from EEC

BY OUR BRUSSELS CORRESPONDENT

THE EUROPEAN Commission is to step up legal pressure on France with an ultimatum to phase out its import ban on low-priced Italian wine within five days or face certain action in the European Court.

The Commission is also to support a separate Italian move to start proceedings against France in the court. This kind of action by one EEC member state against another is unusual but indicative of Italian public pressure on Rome to retaliate against France.

It was not clear yesterday whether the Commission's ultimatum covers all the Italian wine seeking entry into France or merely a third of it.

Court proceedings are notoriously long and since the 1m hectolitres of Italian wine shut out by France could soon start turning sour, the Commission is putting pressure on both sides for a political settlement.

Mr Poul Dalsager, the Agriculture Commissioner, put compromise proposals to the French and Italian Agriculture Ministers on Monday, but the French response has not proved encouraging.

Mr Dalsager asked France to release within a fixed period all wine from customs which was undoubtedly of Italian origin, even if the accompanying documents lacked the finer points of detail which France began demanding at the beginning of August. France is understood to have proposed an eight week period for the release of the wine, but Italy is insisting on four weeks.

In addition, the Commissioner proposed a review of customs procedures and documentation in which the Commission would arbitrate on whether any dubious consignments should or should not be allowed through French customs.

He also wants agreement on new rules to prevent a repetition of the Franco-Italian "wine war," which erupted in August when a shipment of Italian wine was seized and spoiled in the French port of Sète.

aly sets 2% target growth in 1982

ERT CORNWELL IN ROME

aiming at economic f 2 per cent next ared with zero 981, according to La Malfa, the ster, presenting the 's 1982 draft budget

get implies inflation cent, compared with t level of around 20 at. Italy's gross product is now to grow by 18 per market prices in 1982, d with a 17.5 per cent in the current year.

La Malfa indicated a p improvement in Italy's derlying trade performance, although this had been masked by steep price increases, particularly in the case of imported raw materials. The volume of imports was running 7 per cent down on 1980 levels, while export volume, after its drop last year, was now running 2 per cent higher.

He gave new data confirming the extent to which public spending in Italy appears to be running out of control, underlining the necessity of the L9,700bn of cuts in planned spending for 1982.

At the end of September the enlarged public sector borrowing requirement had already reached L44,000bn and would hit L50,000bn by the end of the year—the figure at which the Government is aiming to contain 1982 deficit and far above anything previously forecast for this year.

Radical move to oust Walesa

BY CHRISTOPHER BOBINSKI IN GDANSK

Mr Walesa: symbolic figure for the members

THE SOLIDARITY leader, Mr Lech Welesa, faces a challenge from three rivals in elections for the union's national chairman at its congress in Gdansk today.

All three, Mr Andrzej Gwiazda, till now the deputy head of Solidarity in Gdansk, Mr Marian Jurczyk, the head of the Szczecin branch and Mr Jan Rulewski from Bydgoszcz, favour a more radical stance towards the Government.

But it seems likely that the delegates, recognising that Mr Walesa plays a symbolic role at the head of the union for the rank-and-file membership as a guarantor of the union's ideals, will re-elect the 38-year-old fitter who led the strike in Gdansk last summer which led to the founding of the union.

At the same time the delegates are conscious that Mr Walesa's position in the union could lead to his losing touch with the membership and they will be happy to see a contest.

Loud applause yesterday greeted a speech in which a delegate warned Mr Walesa not to lose his head at all the attention he was getting from the media.

"It is easier to get into the history books than to be remembered well by history," he said.

Meanwhile a debate on the economic programme of the union brought a demand that Poland's defence spending should be cut. "This is not an attempt to weaken the country with radical cuts in armaments." Mr Bogdan Lis, a Gdansk delegate, said. "Such cuts should come both in the East and the West."

Earlier Mr Grzegorz Palka, from Lodz, said that the country faced open social strife if the problem of poor food supplies was not resolved.

Mr Palka said Solidarity must gain control over the economy so that the people understood the need for sacrifices.

His views contrast with Solidarity's cautious draft programme which was defended by Mr Ryszard Bugaj. Mr Bugaj, who believes that society will not accept drastic price increases, attacked his critics as unrealistic.

The Congress has still not defined the union's future policy to the issue of the recently passed workers' self-management law.

A strong current of opinion favours a resolution calling for an immediate ballot among the union membership. It would restrict the Government's right to appoint managers in the armaments industry, communications, banks, prisons and the Polish state airline. A more moderate resolution calls for the union to accept the law and to fight for amendments if necessary.

Employers protest at Spanish budget

BY JANE MONAHAN IN MADRID

SPAIN'S employers' federation has decided to withdraw from a tripartite commission set up to oversee a wages and employment pact for 1982 and has thus upset the Government's budgetary plans.

The principal points of the pact, signed last May between the employed, the unions and the Government, were that the unions agreed to pay rises in the private sector in 1982 of between 9 per cent and 11 per cent—below the projected rate of inflation. In return employment and unemployment assistance were included in the negotiations.

Employers' representatives say that the reasons for their decision stem from three aspects of the Government's 1982 budget, which was presented to Parliament yesterday.

The employers object to a decision to slightly increase company taxes in 1982, the large Pta 698bn (£4bn) budget deficit and a separate allocation of Pta 800m, which represents the first part of a Pta 2.4bn payment to the unions in compensation for the confiscation of union properties during General Franco's dictatorship.

Spanish officials and representatives of the unions are surprised by the employers decision, and say the reasons given are insufficient. One source of surprise is that the decision to pay the unions Pta 800m for developing their social and cultural activities, had already been criticised by employers in June when the payment was announced.

Spain's largest union, the Communist dominated Confederation of Workers Commissions believes that the real reason for the employers action is to put pressure on the Government to introduce more conservative economic and political policies.

The employers' decision follows sharp criticism of the Government and of the ruling Union of the Democratic Centre by Sr Carlos Ferrer Salat, the employers president earlier this month. Sr Salat said that unless the UCD became a more ideologically coherent party it risked losing the next elections and the employers' support.

● A five-day hunger strike involving about a third of the inmates of Spanish prisons, who are demanding more humane prison conditions, is almost over, officials said yesterday. Some 5,500 of the 6,600 prisoners involved have called off their protest. They have given the Government a month to meet their demands.

West Germany's SPD beset by feuding

BY ROGER BOYES IN BONN

FEUDING has broken out again in West Germany's ruling Social Democratic Party, prompted partly by a planned demonstration for peace and partly by dismal local council election results in the state of Lower Saxony.

In an attempt to bring the rank and file more closely into line with the Bonn leadership, Chancellor Helmut Schmidt will address a meeting tonight of Social Democrat functionaries and will urge them to keep party discipline.

The SDP has experienced a number of strains since winning the general election in 1980 with its coalition partner, the Free Democrats, but various attempts to bridge the gulf between the Social Democrat leadership and its parliamentary partner and between the leadership and the constituency associations appear to have made little head way.

Now there is disagreement over whether Social Democrat Parliamentarians should take part in a large peace demonstration in Bonn on October 10. Almost 50 party deputies have expressed their readiness to take part but there are fears, apparently shared by Chancellor Schmidt, that the demonstration will develop into an anti-American, anti-cruise missile protest and thus undermine the Bonn Government's support for the stationing of new missiles in West Germany.

Herr Willy Brandt, the Social Democrat chairman, is against forbidding his Party's participation in the rally, providing that the demonstration is not violent and that the deputies make clear that they are opposed to Soviet as well as American missiles.

There is considerable tension in the party leadership over the right course of action. According to one participant in a closed meeting of the parliamentary party earlier this week, Herr Brandt said he did not want to repeat the mistake he made in the 1960s by not opposing the Vietnam war from the beginning. The peace movement reflected genuine fears and the party should take them into account.

The aggravating factor in the current debate is the local council election returns from Lower Saxony which went to the polls last weekend. These showed a 6.4 per cent drop for the SPD, while the Christian Democrats pushed up their share of the vote by 2.2 per cent. The Green Party, which represents many sympathisers of the anti-missile movement, competed for the first time and captured 3.6 per cent of the total vote and won several council seats.

There is thus pressure for the SPD to adjust to the changing mood and to ensure that it does not lose the youth vote. But Herr Schmidt's commitment to the North Atlantic Treaty Organisation's 1979 deploy-and-negotiate decision on missiles leaves him little room for manoeuvre.

Willoch names Norway's Cabinet

BY FAY GJESTER IN OSLO

Mr Kaare Willoch

NORWAY'S Prime Minister, Mr Kaare Willoch yesterday announced the names of the 16 ministers in his new Conservative Party Cabinet. The Government will take office on October 13. And the announcement came after a meeting of the party's parliamentary group had approved Mr Willoch's list.

The key post of Foreign Minister goes to Mr Svenn Stray, 59, a party veteran who held this job in the non-Socialist coalition which ruled Norway in the late 1960s. The new Finance Minister, with the task of fulfilling Conservative promises of tax cuts and reduced government spending, is Mr Rolf Presthus, 45, a former deputy chairman of the Storting's (Parliament) standing committee on finance.

The new Industry Minister, Mr Jens Hallvard Bratz, 61, is a former president of Norway's federation of industry. His deputy minister will be Mr Arnulf Ingebrigtsen, now the federation's deputy managing director.

These two appointments have been given a cautious welcome by the deputy chairman of the Norwegian trade union federation, Mr Leif Haraldseth. He said the federation intended to seek the best possible co-operation with the new government.

As Oil and Energy Minister Mr Willoch has chosen Mr Vidkunn Hveding, 59, a former director of the state water resources and electricity board. The choice has annoyed Norwegian environmentalists, who recall that Mr Hveding resigned from the board in the mid-1970s, because the Government capitulated to public pressure on the issue of nuclear power.

In fact Mr Hveding is an independent thinker who shares some of the conservationists' ideas. He believes, for instance, that Norway's power-intensive metal smelting industries have for decades been paying too little for their electricity, at the expense of other users. The view is not a popular one in this key sector of Norwegian industry.

Mr Willoch's choice for Defence Minister, is a virtual newcomer to the political scene, Mr Anders Sjaastad, 39, who is at present information officer with Norway's foreign policy institute.

Four of the new Ministers are women: the Ministers of Justice, Communications, Consumer Affairs and the Environment.

The youngest member of the team is the new Trade and Shipping Minister, Mr Arne Skauge, 33. With the shipping industry pinning great hopes on new policies, following the change of Government, this will be a relatively important post.

Silence is no longer golden for the French saver

BY TERRY DODSWORTH IN PARIS

IT IS DIFFICULT to think of any measure that could have more effectively signalled the new French Government's attitude to wealth than its decision to abolish anonymous transactions in gold. Until yesterday, anyone in France could buy gold without the slightest official surveillance. Now, as one of the newspapers wryly put it: "Silence is no longer golden."

What the Government is aiming to do with the measure is reinforce its rather insubstantial armoury against tax fraud. Evading the "fisc" is a national sport in France, reinforced by the widely-held conviction that money is personal business that is best not talked about. Yet a reforming Socialist Government which is demanding widespread sacrifices in the common cause has to make some attempt to stop the loopholes.

One of these loopholes, in the Government's view is, or is likely to become, the gold market. The reason for this goes back to the new wealth tax, designed to hit taxpayers with assets of more than FFr 3m (£300,000). Since gold is hidden away out of sight—unlike, say, a house or a yacht—it would be quite conceivable for the rich to sell their solid assets and transfer the minto "invisible" gold.

The Treasury also argues that, in the national context, gold is a wasteful investment at present. Available finance ought to be going into productive areas, M Laurent Fabius, the Budget Minister, said on Wednesday. Even the greatest supporters of gold could scarcely claim that it was productive in France: most of it is said to be hidden away under peasant mattresses or up chimneys.

But however sound M Fabius's arguments are, he must have known he was stirring a hornets' nest by abolishing anonymous transactions. For some reasons that has never been adequately explained, gold exercises a deep attraction for the average Frenchman. Clearly, no definitive calculation can be placed on private holdings. But estimates run at anything between 4,500 and 8,000 tonnes, reckoned to represent 18 per cent to 35 per cent of all unofficial stocks in the world. The French claim that this is more than all the rest of private holdings in Europe put together and only the Indians are reckoned to be in the race on the world scale.

Gold in the vaults of the Bank of France

Trading in France is carried on in bars, ingots and coins, but the particular place of gold in the affections of the average man in the street is best illustrated by the enormous popularity of the Napoleon d'Or.

These coins, first struck in 1803, and continuously produced until 1914, sell at far more than their intrinsic value. A gram of gold in the Napoleon (which contains 5.8 grams), has recently been costing its owners between 50 and 70 times more than the same weight in a one kilo ingot. But they are bought because they are easily manipulated and easily hidden, while falling within the occasional means of the average household budget.

Because the Napoleons are so widely owned, the Government clearly risks alarming many of its own voters by the new measures. Many working men like to buy a Napoleon from time to time, and it is the accepted tradition in France that that is a truly private investment.

A lump of non-interest bearing gold has, in fact, quite often proved a poor placement for savings in recent years. But no Frenchman would underestimate the psychological importance of the freedom to build up little family hoards and pass them on from generation to generation.

Under the new system there is not, it is true, any indication that owners of gold will not be able to sit on it quietly. But since they have to register any deal, this anonymity, and freedom from tax control will gradually disappear. Yesterday the market began to show what the average investor thought about the new regulations.

By the end of the afternoon, the official price of the Napoleon had fallen by 5 per cent to FFr 899.9, as selling orders flooded in. The ingot lost about the same amount, finishing the day at FFr 90,500. But at the same time it was widely reported that the black market prices were soaring, wtih the Napoleon touching FFr 1,150.

The existence of the black market shows how difficult it will be for the Government to make much more than a gesture towards tapping private gold holdings. Illegal trading is quite openly referred to everywhere, even on television, where Frenchmen ar enot noted for their frankness.

The black market is known to have become significant after a trading tax of 6 per cent was introduced on gold transactions four years ago, and many dealers argue that all the new regulations will do is to expand this illegal market.

The effect of that would be to deprive the Government of revenue from the trading tax. Thus is may well, as one dealer pointed out yesterday, add to official unemployment when the legally operating trading houses are forced to close through lack of business.

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U... M... boy...

BY WONG S...

MR PETER REES, Minister of State fo... expressed deep conc... Malaysian newspaper report... that the Government was directing its Ministries and agencies to avoid buying British goods and services.

The report, on the front page of the influential daily, Business Times, was published as Mr Rees ended a three-day trade promotion tour to Malaysia. It quoted an unnamed source as saying the Malaysian Government was directing its agencies to look for alternative sources for goods and services that would normally come from British companies.

Mr Rees said he had no knowledge of any new Malaysian policy, and senior Government officials he had met, including Mr Lew Sip Hon, the Deputy Trade Minister, had denied such orders had been issued.

It is understood that the Business Times report emanated from a senior Malaysian Cabinet Minister, and has apparently been verified from other officials. Under the new Administration of Dr Mahathir Mohamed, officials have been leaking sensitive stories to the local press.

It has been part of long-term Malaysian Government trade policy to move away from high cost producers in Europe and North America to low cost ... like Japan and South ...

... Times report ... Malaysian officials were angry with Britain because amendments had been introduced to tighten the London take... code after the successful ... raid by Permodalan Nasional, the Malaysian Government investment agency, for control of Guthrie Corporation.

The report also said the Malaysian Government was unhappy about British imposition of tariffs and quotas against Malaysian goods, and high fees for Malaysian students in UK universities.

The amendments to the take-over code and the tariffs and quotas have been seen by some leaders in the new Malaysian Government as further evidence of Britain changing the rules of the game after the Malaysians have learnt to play.

Britain used to be Malaysia's leading investor and trading partner. It has relinquished its position in recent years to Japan, the U.S. and Singapore. In 1972 Britain accounted for 7 per cent of Malaysian exports and 12.5 per cent of its imports. Last year Britain accounted for only 2.8 per cent of Malaysian exports and 5 per cent of imports.

Malaysia seeks more control, Page 28

Challenge to Fraser's leadership

By Patricia Newby in Melbourne

IT NOW seems likely that Mr Malcolm Fraser, Australian Prime Minister, will face renewed pressure on his leadership once the current Commonwealth conference in Melbourne is over next week.

The hosting of the Commonwealth Heads of Government meeting has given Mr Fraser a welcome respite from his own political problems and provided him with a chance to regain the initiative from his arch political rival, Mr Andrew Peacock.

But Mr Peacock has been making a concerted bid in recent weeks to gain the numbers on the Liberal Party's back bench to mount a challenge to Mr Fraser. There is wide dissatisfaction with Mr Fraser from his own urban-based party because he is seen as too closely allied with the coalition partner, the National Country Party.

Liberal backbenchers in marginal seats fear Mr Fraser's tight monetary and fiscal policy, including unpopular measures like the recently introduced sales tax will be disastrous at the next federal election in 1983, when Labor needs less than a 2 per cent swing to gain power.

Gowan 'free to return to Nigeria'

By Quentin Peel, Africa Editor in Lagos

NIGERIA'S former Head of State, General Yakubu Gowan, will be allowed to return to the country as a result of a partial amnesty declared yesterday by President Shehu Shagari.

The gesture of clemency, announced on Nigeria's 21st anniversary of independence, would allow the former Gen Gowon to return for the first time since he was deposed in a bloodless coup in June, 1975.

The amnesty also covers an unspecified number of civilians and former soldiers jailed after the assassination in 1976 of Gen Murtala Muhammed, who succeeded Gen Gowon as Head of State. At the time of the assassination, Gen Gowon was accused of complicity although he was in exile in Britain.

President Shagari said in a broadcast to the nation that he was offering clemency as part of the anniversary celebrations. He said he had ordered the immediate release of all prisoners serving sentences for their involvement in the assassination and had rescinded the declaration of former Gen Gowon as a "wanted person." The former Head of State was "free to visit or return to Nigeria should he so wish."

Palestinians help firemen in the aftermath of the bomb

40 killed in West Beirut car bomb explosion

BY IHSAN HIJAZI IN BEIRUT

AS MANY as 40 people were killed and 200 injured when a booby-trapped car exploded in West Beirut yesterday. Four buildings were destroyed by the blast, and many people were trapped. In one building, rescue teams were trying to free 30 women and children in a cellar.

The blast wrecked the office of Salah Khalaf, better known as Abu Iyad, the second in command in Mr Yassir Arafat's mainstream guerrilla group, Al-Fatah. Mr Abu Iyad was not hurt, but one of his bodyguards was killed.

A number of Palestinian security men, members of the Palestine Liberation Organisation were among the casualties.

The blast is one of a series in Beirut and Southern Lebanon recently which have claimed the lives of 50 people. A Right-wing faction, "The Front for the Liberation of Lebanon from Foreigners," has claimed responsibility. Palestinian leaders have blamed Israel for the attacks.

Ambulances with loudspeakers toured West Beirut streets calling for blood donations for the casualties. Doctors said the condition of some of the wounded was grave and expected the death toll to rise.

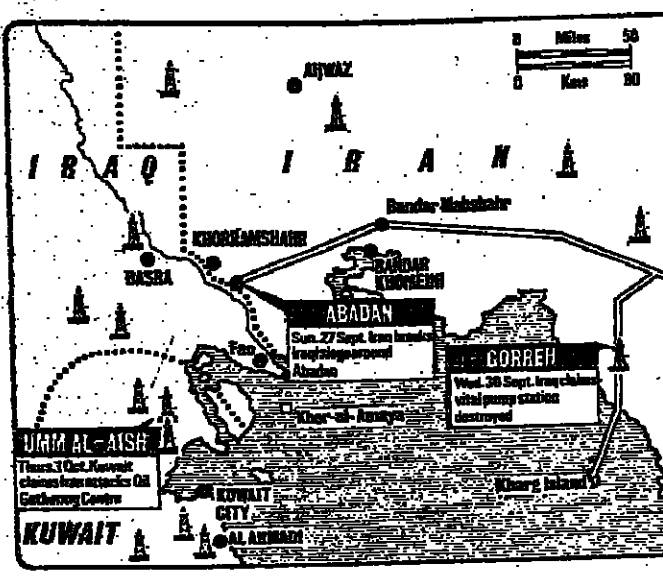
A second booby-trapped car had been defused only minutes before the car exploded, police said. In a village in Southern Lebanon, one man died and another was wounded in an explosion.

هكذا من الأصل

Kuwait help for the Baghdad war effort with cash and goods may be behind attack on oil gathering centre

Iran and Iraq aim straight for the jugular

BY ROGER MATTHEWS



THE AIR attack on Kuwait oil installations yesterday, accidental or not, has come as a sharp reminder of the continuing threat to other Gulf producers posed by the year-old war between Iraq and Iran.

It may also be an indication that both regimes are becoming alarmed at the political price they may have to pay for the sufferings of their populations and the failure to score a decisive victory. There are few more dangerous Middle East leaders than those who sense the domestic or international tide may be turning against them.

The best evidence of this is that Iraq and Iran are both once again going for the jugular —their reduced but ever more vital oil exports. While the fighting was limited for much of this year to artillery exchanges and occasional infantry skirmishes, there seemed to be an understanding to steer clear of oil installations.

But two successful assaults by the Iranians last month appear to have stung Iraq's President Saddam Hussein. First, elements of the Iranian 92nd and 16th armoured divisions managed to push the Iraqis back several miles to the north and west of the town of Susangerd.

Second, the Iraqis were forced to pull back across the Karun River north of Abadan. The original crossing of the river, followed by the capture of Khorramshahr, had been hailed by Mr Saddam Hussein as one of the more glorious chapters in the history of Arab warfare.

Pictures of the pontoon bridges across the Karun had become the centrepiece of Iraqi war propaganda and it was, with hindsight, not surprising that Baghdad should have retaliated on Wednesday by bombing the oil pipelines leading to Iran's main export terminal on Kharg Island.

Assuming that over 70 per cent of Iran's oil exports of about 500,000 barrels a day (b/d) pass through Kharg, any disruption of supply could add significantly to the already massive economic problems of the country.

If Iran had wished to reply in kind the most obvious targets would have been in the north of Iraq around Kirkuk, which is the starting point for the oil pipelines to Turkey and Syria through which total exports of about 550,000 b/d have to pass.

Although Iranian aircraft have twice during the war "mistakenly" bombed border posts between Kuwait and Iraq, it has to be remembered the vital role Kuwait is playing in helping to sustain the Iraqi war effort. Tehran has repeatedly warned other countries not to become involved in the conflict but this has not served to diminish the flow of goods and cash reaching Iraq through Kuwait.

Financial assistance to Iraq has become of increasing importance during the past six months. In his determination not to allow the war to bring Iraq's large development programme to a halt, President Saddam has been seeking loans of up to $14bn. Towards the end of April, Kuwait approved a $2bn loan to be repaid over 10 years without interest.

Since then Kuwait is understood to have provided a further $1.5bn, Saudi Arabia's contribution has reached $5bn, while the United Arab Emirates and Qatar are believed to have put in $1.5bn. With Iraq now being forced onto the offensive again and to some extent at the mercy of its arms suppliers, Mr Saddam Hussein may well have to be back for the remaining $4bn before the end of the year.

If not humiliating, it is at least highly embarrassing for the Iraqi leader to go cap in hand to regimes which he ideologically despises and which he sees as partially contributing to his country's problems. The one area of complete agreement between Iraq and Iran is their hostility to Saudi Arabia's current oil production policy and the support for this that Riyadh is receiving from Kuwait, UAE and Qatar.

Neither Baghdad or Tehran would object to those countries being reminded of their acute military vulnerability and must particularly enjoy the mess the Reagan Administration has got itself into over the proposed sale of advanced radar aircraft to Saudi Arabia. They would also be cheered by any tremors of apprehension in the industrialised world which might produce some hardening of oil prices.

But having again focused attention on the war it must be questionable whether either government yet feels so desperate that it will risk upsetting the delicate superpower balance of the past 12 months.

There is no evidence of a serious domestic threat to President Hussein, although it is impossible to know what is happening within the armed forces, while the war has long been perhaps the greatest unifying force in deeply divided Iran.

However, yesterday's attack may just serve to strengthen the Kuwaiti argument within the Gulf Co-operation Council that the other member countries (Saudi Arabia, UAE, Qatar, Bahrain and Oman) should more seriously consider the argument for establishing formal diplomatic relations with the Soviet Union.

If Washington is unable to sell aircraft to Saudi Arabia on terms which the royal family does not consider to be humiliating, then the suggestion of adopting a more even-handed approach to the two major powers could gain ground.

Tehran's denial that it was responsible for the attack on Kuwait suggests that neither combatant wants at this stage to broaden the conflict. But for so long as the war continues, the danger remains, and if the fighting intensifies it is sure to become more acute.

Abadan fighting goes on

INTENSE fighting in the Gulf war was reported to be continuing yesterday around the southern oil city of Abadan with Iranian claims of air and ground strikes against "enemy forces on the west bank of the Karun River." Terry Povey writes from Tehran. On the basis of incomplete casualty reports, the daily death toll for Iranian forces involved in this battle is estimated at 70 to 100.

Three French-built missile patrol boats, including the one briefly captured by an anti - Iranian monarchist group, entered the Gulf yesterday and were made ready to participate in the naval side of Iran's war effort.

Reuter adds from London: Key Revolutionary Guard commanders were killed in the Tehran air crash on Tuesday, Iran's main Islamic Republic newspaper reported. It listed 41 people killed in the crash, including Revolutionary Guard commanders in key cities of southern Iran on the front line of the Gulf war.

Oil glut tempers concern on international markets

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE WORLDWIDE oil glut caused a sanguine reaction on the international market to news of the attack on Kuwait yesterday—though there was an undercurrent of concern at the wider implications.

In London, November gasoil futures rose slightly on first word of the attack, by $1.30 to $309 a tonne, but then fell back. On the spot market, there was virtually no change, with fob Rotterdam prices quoted at around $303 a tonne, as dealers awaited further news from Kuwait on the extent of the damage.

Analysts pointed out that any reduction in Kuwaiti output would have little impact on the current glut. World oil stocks stand at over 5bn barrels—equivalent to more than 100 days' supply at the non-Communist world consumption rate—and production by the Organisation of Petroleum Exporting Countries is down to 20.5m-21m barrels a day (b/d) compared with an average 26.8m b/d last year and a capacity of 34m b/d.

However, nervousness over the implications of the incident for stability in the Gulf—which accounts for some 50 per cent of internationally traded oil—could mean some firming in spot prices if further news from Kuwait is bad.

Further incidents might also lead to a slowing of the stock reductions currently being carried out by oil companies in response to high storage costs. Companies are estimated to have been reducing stocks by 1m to 1.5m b/d.

The glut, coupled with Kuwaiti attempts to maintain relatively high prices for its oil, have already meant a sharp decline in the country's oil production. It has the capacity to produce over 2m b/d and the Government's current ceiling is 1.25m b/d. However, output is believed to be down to about 600,000 b/d, with buyers walking away.

Earlier this week Kuwait offered its customers extended credit, 90 days instead of 30, and this amounted to a cut of about $1 in the price of its oil, officially standing at $35.50 a barrel. However, at least one company, British Petroleum, which is lifting 50,000 b/d of Kuwaiti oil, said this was not enough to tempt it.

These Kuwaiti negotiations are one example of the tough pressures oil companies have been putting on producers generally as fourth quarter contracts come up for renewal.

Iran, whose prices range from $36 to $37 a barrel, has been holding prolonged negotiations with Japanese and Western companies, several of which are believed to have stopped liftings. BP said it had stopped taking Iranian oil on Wednesday following the expiry of a nine-month contract for 65,000 b/d.

Against this background, many Opec members would be keen to make up any shortfall left by Kuwait. Nigeria, for example, faces a severe financial squeeze because its oil output has dropped from around 2m b/d to only 700,000 b/d last month. It is now around 1.1m b/d following a $4 a barrel price cut.

The weakness of the market has led several commentators to forecast stable inflation-adjusted oil prices or even falling real prices over the next few years.

However, such forecasts are always predicted on the assumption of relative stability in the Middle East. As yesterday's attack illustrates, that is a big assumption.

Mr Rajavi . . . leader

Paris exiles set up government

By David Housego in Paris

THE FRENCH Government was yesterday studying its reaction to the announcement by Mr Massoud Rajavi, the leader of the Iranian Mojahedin-e-Khalq group, of the setting up of an Iranian government in exile in France.

Mr Rajavi, who officially heads the most powerful of the opposition groups to the regime of Ayatollah Khomeini, fled to France in July with former President Abolhasan Bani-Sadr. At the time, the French Government imposed a ban on their making political statements in France. This has since been relaxed in the light of official concern here at the abuse of human rights in Iran.

Mr Rajavi seems to have timed his announcement to coincide with imminent Presidential election in Iran. The Moyahedin have called for a boycott of the election.

The programme announced by Mr Rajavi, the spokesman for the new government and apparently its effective leader, calls for free elections to a constituent assembly. Mr Bani-Sadr, who also signed the communique, is named as provisional president but it seems clear that he has been relegated to a secondary role.

The programme as defined in the communique provides for autonomy for all "national groups" in the country and particularly the Kurds: the suppression of the revolutionary committees and tribunals; the abolition of censorship and torture; and the reinstatement of social and political liberties.

Defence chiefs quickly replaced

By Terry Povey in Tehran

IRAN'S leader Ayatollah Khomeini moved quickly yesterday to fill the gap left by the death in an air crash on Tuesday of the country's Armed Forces Commander, General Valliolah Fallahi.

Gen Ghassem Ali Zahirnejad was appointed to replace Gen Fallahi acting as head head of the Joint Chiefs of Staff and Col Sayyed Ali Shirazi took over from him as Commander of the Ground Forces. Four senior military men, including the Defence Minister, who died in Tuesday's crash were buried yesterday with full military honours, but without the great ceremony that usually accompanies funerals in post-revolutionary Iran. A new Defence Minister is not expected to be named until after today's Presidential elections.

The appointment of Gen Zahirnejad, a career officer in the paramilitary gendarmerie under the previous regime, to the most senior position in the armed forces will help to reassure what remains of the country's other corps that there is still a professional at the helm. The choice of Col Shirazi for what is effectively the number two job may however cause some concern.

Col Shirazi has spent much of the last year involved in counterinsurgency operations against Kurdish guerrillas in western Iran. At present he is leading the offensive to capture the town of Bukan from the autonomy-seeking guerrillas.

When former President Abol hassan Bani-Sadr was Commander-in-Chief of Iran's armed forces, he removed Col Shirazi from his position in the anti-insurgency operations, allegedly because of the colonel's tough methods and his close links to Iran's fundamentalist leaders.

While it is too early to predict what effect the death of Gen Fallahi, who was much respected by officers and soldiers alike, will have on the outcome of the war it may well result in an intensification of the struggle between the professional and the political wings in the armed forces.

With much of the command of Iran's forces now in the hands of middle ranking officers, it remains to be seen whether the "hands off the professionals while the war's on" attitude remains.

AMERICAN NEWS

Arab nations argue for PLO observer status

BY DAVID BUCHAN

IMF
WORLD BANK
Washington
1981

ARAB COUNTRIES have formally complained to the annual IMF-World Bank meetings in Washington that the laws of the two institutions have been "bent and twisted" over the past two years to deny the Palestine Liberation Organisation official observer status at these gatherings.

Procedural wrangling about how to treat the issue continued yesterday ... with the U.S. threatening to cloud the PLO question by broadening it into general discussion of all attendance by "observer" organisations at IMF-Bank annual meetings.

But it still seemed probable that the PLO issue will be left to come to a head at next year's annual meeting in Toronto, when Kuwait, a backer of PLO attendance, will be in the chair.

The U.S. opposition to seating the PLO as "observers" has come under fire even from its friends in the Arab world, such as Egypt and Jordan.

Mr Mohammad Said Nabulsi, the Jordan central bank governor, speaking on behalf of all Arab IMF members, said it was "with a deep sense of disappointment that we note that the laws of these institutions have been bent and twisted to block observer status of the PLO."

Mr Nabulsi said the issue for Arab members was not only whether the PLO became an observer, but whether IMF-Bank rules applied "without discrimination."

He claimed the PLO aplication in 1979 for recognition was not meant to "inject a political controversy" into the IMF and Bank. But equally clearly, it is designed to be a further step towards international acceptanceof the PLO.

Reuter adds: Gold markets would be more stable and gold reserves more useful for central banks if major industrialised countries set up a form of gold pool, Mr Jelle Zijlstra Dutch National Bank president, said.

But his earlier suggestion of limited gold price management was not linked to current discussion in the U.S. of a return to the gold standard, he added.

Senate repeals ban on covert Angolan aid

By Reginald Dale, U.S. Editor, in Washington

THE U.S. Senate has voted to repeal a five-year-old law banning covert U.S. support for rebel movements in Angola and to give President Ronald Reagan a free hand to resume arms sales to Argentina.

Both moves were sought by the Administration to give it freer rein in its world wide policy of confrontation with Communism and the Left.

The Angola vote will not be popular in black Africa, where it is widely assumed that the Angolan rebels are financed and equipped by South Africa.

The House of Representatives, which has yet to vote on the issue, is thought unlikely to follow the Senate. If the House votes to retain the ban, the end result might be a compromise between the two Houses, lifting the ban conditionally.

The Senate also made it clear that the repeal of the ban should not be construed as an endorsement of aid to any group to conduct military or paramilitary operations.

Sadat's envoy may seek U.S. missiles for Sudan

BY ANTHONY McDERMOTT IN CAIRO

PRESIDENT ANWAR SADAT of Egypt yesterday sent Mr Husni Mubarak, his Vice-President, to Washington with "an urgent message" believed to be a request that the U.S. should supply Sudan with Red Eye anti-aircraft missiles as protection against Libyan bombing raids.

Lt-Gen Abdel-Halin Abu Ghazala, Egypt's Defence Minister, said yesterday the situation on Sudan's western border with Chad was very serious, indeed "more serious than in 1976."

In July of that year, President Ja'afar Numeiri put down an attempted coup, supposedly backed by the Libyans.

Shortly afterwards a defence agreement was concluded with Egypt, which at the moment has some 800 military advisers in the country.

Libyan aircraft have been strafing villages in western Sudan since September 10. Gen Abu Ghazala said yesterday: "If anything happens in Sudan, we are going to intervene." One week ago, Sudan said it had shot down a Libyan aircraft over a Sudanese border town.

At the same time, Sudan is believed to be harbouring anti-Libyan Chad guerrillas. Last December, Libyan troops intervened in Chad to help Government forces put down a revolt

Sudan's armed forces, which total about 68,000, are badly over-stretched and equipped with outdated materiel. It is awaiting the delivery of 24 American F-5 and F-6 fighters and earlier this year, Washington agreed to give Khartoum an additional sum of military aid totalling $100m.

The Libyan threat to Sudan and the chronic weakness of the government of Mr Numeiri, who came to power in 1969 and has sinced survived so many as 10 coup attempts, pose a serious problem for Mr Sadat.

The Egyptian reaction has in part been prompted by the conclusion in August of a friendship and co-operation treaty between Libya, Ethiopia and South Yemen.

Acominas rescue package ready soon

By Andrew Whitley in Rio de Janeiro

LAST TOUCHES are being put to a financial rescue package totalling $290m (160m) for the Acominas steel project, the flag-carrier of British commercial interests in Brazil.

Work on the $4.5bn complex has slowed almost to a standstill over the past two years as government funds have dried up.

Now two years behind schedule and with little prospect of a change of heart in Brasilia soon, Acominas has turned to the international money markets and its major Western contractors to help out.

Three separate schemes—two involving the raising of loans against pre-sale contracts and the third a buy-back lease-deal on equipment already delivered—are near fruition.

● Morgan Grenfell is arranging a loan of between $120m and $150m as pre-financing for the future sale of 500,000 tonnes of steel billets to a rolling mill in Morocco.

Both the Morocco mill and the main engineering work on Acominas are being handled by the Davy Corporation.

● The British Government has given its blessing to another Morgan Grenfell operation whereby $80m-worth of equipment provided by Davy will be bought back then leased to Acominas, providing a fresh cash injection. New British regulations covering this type of deal are being, exceptionally, waived.

● Dresdner Bank has undertaken to raise the equivalent of $60m in a club deal with other West German banks to cover the sale to Ferrostaal, the German state-owned engineering company and another contractor on the Brazilian projects, of about 200,000 tonnes of billets.

The funds are not likely to be available until next spring, by which time the steel complex's total requirement to complete the works will have risen from today's $600m to nearly $800m.

Even if the financial rescue package goes through smoothly, the steel complex faces an extremely tight timetable to meet its revised deadline of March 1983 to start turning out billets

Erection of the billet mill by Davy-Loewy is due to start next January and last about 15 months. The start-up has been delayed until now by the lack of finance.

A number of potential obstacles stand in the way of a successful rescue of the project, one of Brazil's largest with a planned initial capacity of 2m tonnes a year.

Dresdner has apparently already encountered a distinct lack of enthusiasm for its loan. Only half the total required is reported to have been raised so far, perhaps because Ferrostaal has yet to find a buyer for its billets.

Morgan Grenfell meanwhile will have the delicate task of having to launch two Acominas loans in fairly quick succession.

Against this background, Acominas is also faced with the need to re-schedule some of its existing debt. While some amortisation payments have gone through, negotiations are presently being conducted with the ECGD on delaying other payments falling due shortly.

The hopes of the private shareholders and foreign contractors alike must be that the success of these last-minute cash raising ventures will demonstrate to the Brazilian Government that Acominas is doing everything possible to help itself and is therefore deserving of more Federal assistance.

Mexico current account deficit up 72%

By William Chislett

MEXICO'S CURRENT account deficit was $3.75bn (£2.07bn) in the first half of the year, 72 per cent higher than in the first half of 1980, according to central bank figures.

High imports, falling tourism revenue and a greatly increased debt service cost are the main factors behind the deficit. The picture will worsen considerably by the end of the year, as these factors will persist and the position will be further aggravated by a sharp decline in the value of Mexico's oil exports.

Although Mexico earned $7.3bn (£4.03bn) from its oil exports in the first half—78 per cent more than the same period in 1980—the impact of the drop in price of its exported oil and sharp declines in clients' orders in July and August will be felt in the remaining half of this year. Mexico's clients have reduced their oil orders because of the world glut.

It is unofficially estimated that oil revenue this year will be about $14bn—$4bn less than targeted. The current account deficit for the year will be $10bn-$12bn, compared with $6.6bn in 1980.

Mexico's trade deficit was $1.15bn as against $930m in the first half of 1980.

Odds on U.S. bank reform are strengthening, writes **David Lascelles**

Fresh look at bank deregulation

THE ODDS on U.S. banking law reform—a highly contentious issue which has split the U.S. banking industry in two—seem to be strengthening.

New laws may not reach the statute books until next year and their impact may be limited. But this marks a distinct advance on earlier predictions that nothing would change under the present administration.

Not that President Reagan is against it: he is philosophically in favour of anything that opens up free market, and Mr Donald Regan, the Treasury Secretary urged Congress to take a fresh look at banking law only last month. But until recently the congressional view was strongly influenced by two powerful lobbies who are against banking law reform: the small banks and Wall Street's investment banking community, who both stand to lose out if present laws are changed.

However, the view on Capitol Hill has recently shifted from mild hostility to something approaching neutrality, or at best a willingness to review the issues in a non-committal way.

The shift was underlined by a recent announcement by Sen. Jake Garn, Chairman of the Senate Banking Committee, that he will hold hearings on a new banking bill this month to examine a host of questions—such as the type of business banks should be allowed to do, and where and how they should be allowed to do it.

Although Sen. Garn, a Republican, has always been in favour of deregulation in principle, he said in the past that relaxing U.S. banking law would open the way for the U.S.' dozen largest banks to dominate the market.

The Democrat-controlled House has moved less quickly, although the Banking Committee there will put together a "discussion draft," which is a way of airing the issues without necessarily creating legislation. The shift in attitude was prompted largely by the perilous state into which many of the U.S.'s financial institutions, mainly savings banks, have been driven by high interest rates.

Although bank regulators have been able to stave off a potentially disastrous bank failure by extending aid or arranging mergers, their room for manoeuvre was severely limited by U.S. laws, which forbid banks to enter certain types of business or establish themselves freely across the country.

The banks have also been complaining about how easy it is for non-banking companies to move into their territory, while they cannot do the same in reverse. The recent decision by Sears Roebuck, the giant retailing company, to start up a mutual fund was particularly galling for the banks. Steel companies, household appliance makers and insurance companies have all been able to buy banks in recent years.

In practice, many of the constraints on the banking industry have been bypassed either by ingenius rulebending or technological advance, which has rendered most geographical constraints meaningless.

But banking reform is like a Pandora's box, and it quickly became obvious to senate banking staff that any review of the law could not be confined to special cases. The large commercial banks were bound to say "me too" to whatever concessions were made to the savings banks, who are regulated by a different set of laws.

Sen Garn's bill will be based on the results of a questionnaire which his committee circulated this summer, and will aim to address as many issues as possible—it has been nicknamed "the Kitchen Sink Bill."


Senator Jake Garn

But his aides stress that Sen Garn himself may not back all the bill's proposals, and many of them will fall by the wayside. The results may not be that dramatic, though both sides will get a chance to have their say.

The livelier issues include relaxation of the McFadden Act's ban on inter-state banking to allow cross-border mergers for banks in difficulty. Opponents of inter-state banking, mainly the local banks who like the protection it gives them from big bank competition, claim this will be the thin end of the wedge that will eventually open up an inter-state banking free-for-all.

The bill will also propose that savings banks be allowed to perform many of the functions of commercial banks, like providing current accounts. The commercial banks are bound to want compensation for this extra competition.

The House committee started hearings this week on a change that would allow commercial banks to take over thrifts in emergencies. At the moment, the Federal Reserve has the power to allow this but has not exercised it. Mr Paul Volcker, the chairman told the House that the Fed might start using this power, however, if the law was not changed.

More to commercial banks' taste is a proposal to allow them to enter the securities underwriting business on a limited way. At the moment they are barred from this business by the Glass-Steagall Act, which creates a dividing line between commercial and investment banking. The proposal would allow them to underwrite certain types of bonds issued by municipalities called revenue bonds.

The bill would also allow banks to run mutual funds, including the highly popular money market funds which have sucked billions of dollars out of the banking system in the last couple of years.

The rule which prohibits national banks from lending the equivalent of more than 10 per cent of their capital to any one borrower will also be reviewed. This constraint has had its biggest impact on U.S. banks' overseas business because it has sometimes prevented them from competing on an equal footing with foreign banks for large loans to sovereign borrowers.

"We are not talking about total repeal of the McFadden and Glass-Steagall Acts, but it will be quite an assault," said a Garn aide.

Trudeau may lose backing for constitution plans

BY JIM RUSK IN OTTAWA

CANADA'S Prime Minister, Mr Pierre Trudeau, is in danger of losing support for his constitutional proposals from the minority New Democratic Party (NDP) unless he meets provincial premiers to try to broaden support for his package.

The party's MPs held a stormy all-day meeting to consider the impact of the Canadian Supreme Court's judgment that the federal constitutional proposals, while lawful, violate Canadian constitutional convention.

At the end, Mr Edward Broadbent, the NDP leader, announced that the party would withdraw its support for the package unless the Prime Minister made a last-ditch effort to hold a Federal-Provincial meeting on the constitution.

Mr Broadbent threw his party, which has 33 members in the 282 - seat Canadian House, behind the constitutional plan shortly after Mr Trudeau announced in the autumn of 1980 that the Government would proceed unilaterally, in the face of the failure of the provinces to agree on constitutional reform.

Although Mr Trudeau's Liberal Party has an absolute majority of 147 seats in the House, the support which he has received from all but four NDP MPs has been important to the Prime Minister as the majority of NDP members are from western Canada, an area where the Liberals have only two seats.

NDP support allowed Mr Trudeau to say that members from all provinces in Canada—except Alberta al of whose 21 members are Conservatives—have voted in favour of the constitutional resolution.

Monopolies law 'this year'

BY VICTOR MACKIE IN OTTAWA

TOUGH NEW laws to prevent business monopolies in Canada should be ready late this year, Mr André Ouellet, Federal Minister of Consumer and Corporate Affairs, said yesterday.

The Minister promised that controls in his competition law will get high priority when the House of Commons resumes sitting on October 14.

Mr Ouellet said one of the major thrusts of the anti-combines Bill will be to transfer jurisdiction from criminal to civil courts. This would have the twin effect of removing unnecessary stigma from those accused and speeding up rulings on possible offences.

Fresh protests likely at 'Diablo' plant

BY PAUL BETTS IN NEW YORK

THE DIABLO CANYON nuclear power plant in California, which after Three Mile Island is perhaps the country's most controversial power station, is expected to provoke more protest from anti-nuclear group's because of the recent hitch it has encountered.

Only last week, it seemed that the problems and disputes which have bedevilled the $2.3bn (£1.2bn) nuclear facility overlooking the Pacific Ocean north of Los Angeles near the town of San Luis Obispo, were finally settled.

This followed the decision of the U.S. Nuclear Regulatory Commission (NRC), the Federal agency which regulates the country's nuclear industry, to grant the owner of the Diablo Canyon plant—the Pacific Gas and Electric Company—a preliminary licence to operate the first of two reactors on the site.

But a monumental blunder has now been unearthed in the construction of the first reactor which was given the preliminary green light to start operations by the NRC last week.

The blunder, described by Mr Peter Bradford, a member of the NRC, as "a first rate screw-up," involves a mix-up in the design blue prints of the completed reactor and of the second reactor still under construction.

The blueprints were inadvertently switched with the plans for the second reactor mistakenly used in part of the construction of the first and now completed reactor.

The error occurred while the utility was making modifications on the first reactor to strengthen the systems and structures to meet a number of higher safety standards set by the NRC.

These higher safety standards were set by the commission soon after the first reactor unit was completed in 1974 because an earthquake fault, which had not been detected, was discovered about 2½ miles offshore below the sea bed.

The commission thus ruled the plant had to be greatly strengthened, and the utility had to spend more than $100m on seismic work to meet the NRC's higher seismic safety standards.

As a result of the blue print mix-up, the plant's start-up will now be delayed even further. The switch in blueprints affect five systems in the plant's first unit, including the fuel containment chamber, the unit's safety injection system, the component cooling water system, the steam generator blowdown system, and the hydrogen recombiners.

Except for the hydrogen recombiners, these systems are part of the mechanism to cool the reactor in the case of a shutdown or accident. The recombiners are used to remove explosive hydrogen from the reactor if hydrogen is created in an accident.

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Russia may build Siberia coal liquefaction plant

BY ROGER BOYES IN BONN

THE SOVIET UNION is considering building a huge coal liquefaction plant in Siberia with Western assistance, according to top West German businessmen who have returned from a trip to Moscow and Irkutsk.

The scope of the deal will not be clear until the Soviet planners have worked out how large the plant has to be before it becomes commercially feasible.

Ruhrkohle, the largest West German coal producer, has been asked to submit proposals for the plant and Soviet experts are expected to test the suitability of Siberian coal at a coal liquefaction pilot plant in Bottrop.

Dr Karl-Heinz Bund, head of Ruhrkohle stresses that it is too early to talk about the contracts and points out that the company would only be able to supply know-how as it is not involved in plant construction.

However, Salzgitter, whose chief Herr Ernst Pieper also took part in the Soviet talks, believes that it may be able to contribute to the project which will be based near the vast coal deposits of Kansk-Atschinsk.

Three factors have convinced the West German delegates that the Soviet Union means to press ahead with the project. First, the Soviet Union is financially able to build a coal-into-liquid fuel project large enough to make it commercially worthwhile.

Second, it has great transport problems moving Siberian coal to European Russia where most of it is consumed. Liquefaction on site would reduce these traffic logjams.

Third, the traditional Donets Basin coal deposits in European Russia are becoming more difficult to mine, again shifting the focus on to Siberian coal.

The prospect of such a deal comes at a time when the massive DM 20bn (£4.7bn) gas pipeline deal is approaching conclusion. This project, one of the largest in the history of East-West trade, is expected to be tied up before Mr Leonid Brezhnev, the Soviet leader, visits Bonn at the end of November.

The idea of the pipeline is to transport Siberian gas to West Europe with Western companies building the pipeline and supplying the compressor stations and the finance.

Berlin company wins Soviet deal

BY LESLIE COLITT IN BERLIN

A SOVIET contract worth DM 43m (£10.2m) has been awarded to Berlin Consult of West Berlin for the construction of a plant in Moscow to produce eyeglass frames.

The contract was won in the face of competition from several West German, French, Italian and Japanese companies.

The turnkey project will provide a licence from the West German eyeglass frame manufacturer, Menrad, and is the second such factory to be purchased by the Soviets in the West.

The first, built by an Austrian company, is nearing completion in southern Russia. The factory to be erected by Berlin Consult will produce 3m frames annually and is to begin operating in the second half of 1983.

Representatives of the Soviet foreign trade organisation, Techmashimport, said further deals are in the offing with Berlin Consult, which confirmed that it is negotiating contracts worth a total of DM 250m with the Soviet Union.

The Russians are interested in buying food processing plants, such as meat-packing installations, precision engineering factories and environmental protection equipment.

They are showing strong interest in a waste reloading facility of an advanced type operating in West Berlin.

Herr Dieter Borrmann, head of Berlin Consult, said that, in dealing with the Soviet Union, there was "no worry about payments from the Soviet side." This was an obvious reference to troubles being encountered with some East European countries.

He also remarked that high interest rates were forcing West German companies to sell products which were 20 per cent higher in price than their competition.

The Soviet Union said that trade last year between West Berlin and the Soviet Union reached a level of DM 900m, but this included West German goods shipped in connection with orders given to Berlin companies. West German statistics show that West Berlin exported DM 78.7m to the Soviet Union last year and imported DM 29.6m.

More Hong Kong branches for Barclays

Financial Times Reporter

BARCLAYS BANK is going to open 15 more branches in Hong Kong within the next three years, reports the Hong Kong Trade Development Council.

When the British bank was first set up in Hong Kong in 1973 it had only a one-bank licence. It was not until 1976 that the bank was allowed to expand. The bank now operates five outlets from an administrative headquarters.

Mr Colin Stevens, Barclays's Hong Kong general manager, said his bank is bullish on Hong Kong. "All of our branches open at the end of last year were profitable. We have seen that if the choice of location is good, you can pick up business."

He said the bank's growth in Hong Kong was natural following the build-up of its foundations in Hong Kong. "We have gone from 150 employees to 450 in the past three years. In the next few years we shall have 1,000."

During the last 12 months Barclays has been repositioning itself in other financial sectors of Hong Kong. Having completed its take-over of the former Trident International Finance, it then acquired Trident Management's remaining shares from Hoare Govett. Trident International has been renamed Barclays Asia, and continues to function as a merchant bank.

Philips and Ericsson share Saudi order

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, and L. M. Ericsson of Sweden, have been awarded a Fl. 500m (£107m) order to extend the Saudi Arabian telephone network by a further 41,000 connections.

This is the fifth order to be placed by the Saudis over the past four years and brings the total value of work carried out by the two companies to more than Fl 11bn (£2.35bn).

Under the latest contract they will instal exchanges and cabling and carry out civil works. Philips will provide 27,000 new lines and Ericsson 14,000. They will also extend the cable system in readiness for the addition of further connections in the future.

The total Saudi network now comprises 1m connections of which Philips has supplied 650,000 as well as 125 exchanges, the Dutch group said.

Biffen leaves for four days of talks in Iraq

FINANCIAL TIMES REPORTER

MR JOHN BIFFEN, Trade Secretary, leaves today for a four-day visit to Iraq.

The visit follows the signing in June this year of a bilateral agreement on economic and technical co-operation between Britain and Iraq. Mr Biffen will be co-chairman with Mr Hassan Ali, the Iraqi Minister for Trade, of the first meeting of the newly-established British/Iraqi Joint Commission set up under this agreement.

Commercial relations between Britain and Iraq are generally good. One of the fastest growing economies of the Middle East, and the UK's fastest growing market, Iraq is continuing to push ahead with an ambitious development programme already involving a number of British companies.

During his visit, Mr Biffen will also be discussing trade and technical co-operation issues with senior Iraqi Ministers including the Ministers of Trade, Industry and Minerals, Housing and Construction, Transport and Communications, Planning and Oil.

Mr Biffen will visit the Baghdad International Fair where over 120 British companies will be seeking export business and orders. He will host a reception for UK participants in the fair on British National Day, Monday, October 5.

Australia, N. Zealand agreement delayed

By Patricia Newby in Melbourne

THE LONG-AWAITED replacement for the 1966 New Zealand-Australia free trade agree (Nafta) is to be delayed by a further six months and will not be in place until at least early 1983.

The postponement from the earlier target date of July, 1982, was announced in Melbourne yesterday at the Commonwealth Heads of Government meeting after talks between Prime Minister Robert Muldoon of New Zealand and Mr Malcolm Fraser of Australia.

Mr Muldoon said the July date was "too tight" for the Australians although Australian officials believe there are problems on both sides of the Tasman.

The Nafta replacement, which has been called the Closer Economic Relationship (CER) will mean theoretically free trade between the two Australasian neighbours.

At present under Nafta something like 80 per cent of trade is restriction free or subject to small duties. However, negotiations over the past two years for closer ties have not been easy because of the similarity of the two economies—both are major agricultural goods exporters and both have built manufacturing industries behind tariff barriers.

Mr Fraser and Mr Muldoon hope to finalise the CER in March or April next year and it will then be made public and discussed with interested parties.

The main reason for the latest postponement is that the Australian states give preferential treatment to their own manufacturers in awarding government contracts.

If there is to be free trade, New Zealand would like an equal chance to compete for Australian contracts. Mr Lance Adams-Schneider, new Zealand's trade and Industry Minister, visited the Australian state governments earlier this year in an attempt to win a better deal for New Zealand.

Mr Muldoon said yesterday that talks with the states were continuing but he felt the problems would be resolved in time for CER to start in 1983.

Negotiations on trade across the Tasman Sea have been going on for more than two years. New Zealand dairymen visited Australia recently in an attempt to allay Australian dairy industry fears that New Zealand would flood the Australian cheese market and threaten the local, less competitive dairy industry.

However, the Australian dairymen's fears remained and other Australian agricultural groups, notably vegetable and flower growers have expressed concern over the closer economic ties.

Manufacturing is also a stumbling block. Both countries are each other's main market for manufactures with Australia taking about 37 per cent of New Zealand's manufactured exports and New Zealand taking 17 per cent of Australia's.

MEA to sign order for Airbuses

PARIS—Middle East Airlines (MEA) will sign a $350m (£194.4m) contract at the end of this month for five wide-bodied European Airbus jets, Mr Assad Nasr, airline chairman, said yesterday.

The Beirut-based airline initialled an agreement last November to buy five of the twin-engined 200-seat A-310 airbuses with an option on another 14. The contract was to have been signed in April this year.

But the political situation in Lebanon caused a 69 per cent drop in MEA business and the airline lost an estimated $2.5m a month.

Mr Nasr sought a postponement of the contract signature. "There are still a few matters which need to be spelled out in exact terms and agreed upon," he said.

Reuter

Qantas finds itself in fares war

BY OUR CANBERRA CORRESPONDENT

INTERNATIONAL AIRLINES operating in Australia have won carte blanche to set whatever fares and commission levels they choose following the Australian Government's decision this week to drop cases against illegal fare discounters.

Australia, one of the world's greatest sticklers for International Air Transport Association (Iata) rules and which, until recently, totally banned air fare discounting and charter services, is now set for an all-out air fare price war. Charters are still out, but discounting is in.

Earlier this week the Government dropped charges in the Hobart, Tasmania, Magistrate's Court against Singapore Airlines and some travel agents for discounting air fares.

The Government virtually admitted that regulations requiring international airlines to charge only Government-approved fares were virtually impossible to enforce.

The Government has, in fact, already conceded that "if you can't beat them, join them" when it announced in April this year that Qantas, the national airline, was to be free to set its fares competitively.

Qantas had complained it could not compete against other airlines which were continuing to discount fares in spite of the Department of Transport's crackdown on Singapore Airlines and travel agents.

Since the decision to allow Qantas to set its own fares, fierce competition has developed on lucrative routes, notably the so-called kangaroo route between Sydney and London and the major carriers (Qantas and British Airways) have launched aggressive advertising campaigns.

Standard Telephones reaffirms role

BY JASON CRISP

THE SIGNING in Vancouver, Canada, today of a £170m contract to lay an 8,000 mile telecommunications cable across the Pacific Ocean reaffirms the dominant role of Britain's Standard Telephone Cables company as the world leader in undersea cables supply.

Britain's share of the world market for land-based telecommunications systems, particularly telephone exchanges, has greatly declined in recent years but for the growing presence of STC in the international marketplace. This deal is believed to be the largest single telecommunications contract won by a British company and, under it, Standard Telephones, a subsidiary of the ITT, will lay a telecommunications cable that will link Australia with Fiji, New Zealand and the Canadian west coast city of Vancouver.

Less than a decade ago a number of observers were predicting the decline of submarine telecommunications systems as satellites began to be used for international and intercontinental links.

The capacity and quality of satellite communication has increased dramatically. Early Bird, the first communications satellite launched in 1965 could carry 240 circuits; Intelsat V launched last year has 12,000 circuits and two television circuits.

In spite of growth in satellites, the number of undersea cables has also grown rapidly. Cables still have a number of advanages. Typically they are designed to have a lifetime of at least 25 years, while satellites only last about seven years. On very long hops the time delay on two satellite hops becomes intolerable so one link has to be on cable. Cables are also more secure than satellite systems.

The main competitors are Western Electric, the subsidiary of American Telephone and Telegraph, Nippon Electric Company (NEC) and the French companies CIT-ALcatel and Cables de Lyons.

STC claims to have 60 to 70 per cent of the available world market. Western Electric is mainly involved in cables running from U.S. territory. It always insists on supplying the repeaters.

The submarine cables suppliers are currently developing undersea telecommunications cable using optical fibres, hair-thin strands of glass carrying several thousand telephone conversations which are transmitted by pulses of light.

Distances of 30 kilometres or more betwen repeaters, which can be achieved with optical fibre, would make a substantial reduction to the cost of an undersea cable system's electronics.

The cable linking Australia and Canada, known as ANZ-CAM, is likely to be laid by a cable ship chartered from Cable and Wireless.

The financing of the cable has been arranged by the Midland Bank with payment guaranteed by the British Export Credits Guarantee Department.

Minister sees hunger strikers relatives

By Our Belfast Correspondent

RELATIVES OF IRA hunger strikers at the Maze prison near Belfast have had talks with a Government minister for the first time since the protest began.

Lord Gowrie, Minister of State responsible for prisons in Northern Ireland, spent more than an hour with the families at Stormont earlier this week.

The Northern Ireland Office said the meeting was at the request of the relatives. Lord Gowrie told them he fully understood the problems they faced.

The lives of four hunger strikers have been saved by the intervention of their families.

Lord Gowrie repeated that the prisoners' five demands were not on offer. The Government was ready to improve prison conditions once the hunger strikes were ended.

Dr David Owen of the Social Democratic Party and Mr Neville Sandelson, SDP Northern Ireland spokesman, yesterday visited the Maze prison during the two-day tour of the province.

Dr Owen said he felt it was important for the two men to familiarise themselves with the position before the party's conference next week.

Meanwhile, four Unionist politicians will visit the U.S. for 12 days at the end of November to counter provisional IRA propaganda.

The Rev Ian Paisley and Mr Peter Robinson of the Democratic Unionist Party and the Rev Robert Bradford and Mr John Taylor of the official Unionist Party will distribute literature explaining the effects of terrorism.

The delegation is using a public relations company in the U.S. to set up its itinerary and will launch a public appeal in Northern Ireland to raise funds.

The mainly Roman Catholic Social Democrat and Labour Party denied a report in Republican News, the provisional Sinn Fein newspaper, which claimed to contain details of what took place at a recent private party conference in the Irish Republic.

The article claimed that Mr John Hume, SDLP leader, had said that, if his party ever gained power it would have to consider the use of internment without trial against the IRA.

The SDLP said this and other allegations were "a complete fabrication." It said minutes were taken at the meeting and Sinn Fein's alleged leak bore no resemblance to what was actually discussed.

Insurance funds invest more abroad

By Eric Short

UK INSURANCE companies continued to invest heavily in overseas equities in the second quarter of the year, according to the latest figures from British Business, the official publication of the Departments of Trade and Industry.

Long-term insurance funds of these companies invested £227m direct in overseas equities in the second quarter compared with £168m invested in UK equities in the same period. This followed an investment of £196m in overseas equities in the first quarter.

In addition, these funds invested a record £119m in authorised unit trusts in the second quarter—£34m more than in the first quarter—and this is almost certain to have included trusts specialising in overseas markets, as well as the UK invested trusts.

However, net investment in the quarter by long term funds fell by £50m to £1.41bn. There was a net investment of £602m in medium and long-dated gilts, including the index-linked gilts, and a £59m net disinvestment in short-dated gilts.

These funds invested a further £234m in UK property compared with £246m in the first quarter. House purchase loans fell from £27m to £16m.

General insurance funds returned to the UK equity market in the second quarter, investing £56m against only £5m in the first quarter.

A further £14m was invested in UK property, and £19m in overseas government securities.

Shipping industry renews plea for £100m incentives

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE SHIPPING industry is to renew its plea to the Government for between £100m and £150m of investment incentives against the background of a declining fleet and sharply rising unemployment among officers and ratings.

With the fourth largest fleet in the world after Liberia, Greece and Japan, the UK industry needs to add about 4m deadweight tons a year to maintain its size after scrapping is taken into account.

But only between 2½m and 3m dwt are being built, with most UK operators holding back from investment at a time of world recession and competition from lower-cost areas like the Far East.

The industry's concern over the sharp fall in competitiveness has prompted the General Council of British Shipping to try again to persuade the Government to offer more investment assistance.

"Our main worry is whether we shall be able to take a proper share in the upturn in world trade when it comes," Mr Edmund Vestey, president of the council said.

With representatives from the industry and the maritime unions, he will meet Mr Iain Sproat, the parliamentary under secretary at the Department of Trade with responsibility for shipping, later this month.

Over one and a half days, Mr Sproat and his officials will hear the industry's request for more generous investment depreciation allowances and the union's view that the industry should be helped through state participation.

While the British fleet has fallen from 50m dwt at end-1975 to only 33m dwt this July, unemployment has risen rapidly to the highest levels post-war.

Presenting the 1981 review yesterday, the council said there were 670 officers and 2,600 ratings without work.

This was double the number of officers and three times the number of ratings unemployed a year ago. The council said: "There can be no doubt that escalating manning costs have played a major part in making British shipping less competitive."

The statement comes as the National Union of Seamen has put in a claim for 26,000 ratings which the industry reckons will cost an extra 25-30 per cent, including improvements in conditions. Officers are seeking a 14 per cent pay rise.

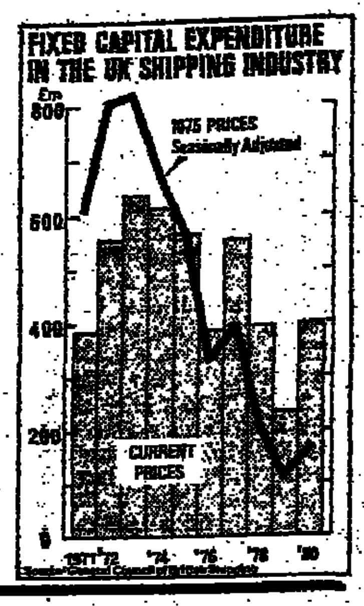
If the industry gets the extra 40 per cent depreciation allowance—turned down by the Government for the past three years—the revenue cost in forgone taxes will be between £100m and £150m, Mr Patrick Shovelton, the council's director-general, said.

With new ships costing up to £50m or more, the council would like to see the extra relief in the 1982 Finance Bill. The types of ship seen as suitable for investment include gas, chemical and oil product carriers, as well as container ships.

Mr Vestey said that the two-thirds of UK shipping revenues arising from cross-trading between other foreign countries were the most vulnerable to recession and competition.

The industry contributes more than £1bn a year to Britain's balance of payments, and the council believes that a further drop in the fleet to between 20m and 25m dwt would seriously erode this.

It would also affect the merchant fleet's contribution to defence in time of trouble. "There must come a point when the Government must be worried over the ability of ships to provide supplies in case of emergency."



ERF to cut workforce and sell off some assets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ERF, the truck manufacturer, is to cut its workforce by a further 20 per cent, sell off assets and reduce the variety of components it offers on its vehicles.

Outlining a "plan of action to combat the effects of recession in the UK commercial vehicle industry" where the market has shrunk by half in just just over a year, ERF said last night, it would:

- Cut the workforce at the Sandbach, Cheshire, plant by 190 during the next three months. This follows a 34 per cent reduction, or 450 jobs to 940 during the past nine months;
- Cut the cost of stocks by offering only one range of axles and one range of gearboxes. ERF is to use only GKN Kirkstall axles in future and will no longer offer Eaton or Rockwell types. It will offer only Eaton-Fuller gearboxes and is dropping those made by Spicer and by ZF;
- Dispose of the Cheshire Fire Engineering subsidiary as a going concern if possible and sell off other land and property assets in the Sandbach area (but not part of the plant). There is a possibility that the CFE management might buy the company;
- Provide longer-term credit to dealers to enable them to give customers better deals;
- Concentrate only on "premium quality, premium price trucks from 16 tons upwards which have always been our main strength."

A new range, called the "C" range, lighter in unladen weight than the existing "B" series will be introduced later this month.

There has been a management shake-up at ERF over the past few months and three directors have left including Mr Bob Chadwick, marketing director; Mr Tim Foden, director of special services and son of one of the company's founders and Mr Ernie Sherratt, the 78-year-old former deputy chairman who was one of the founders.

Mr Eric Green, 14 years with ERF, who has become deputy chairman and marketing director, said last night that ERF had had to cut production in line with the steep decline in the total market and was "making certain that our cost levels equate with production."

He said order books were beginning to show signs of improvement for the first time in month's ERF's order book stretched four months ahead—better than at any time for more than a year.

GKN to shed another 400 jobs

BY LORNE BARLING

GUEST, KEEN AND NETTLEFOLDS, the Midlands engineering company, is to reduce the workforce in its fastener products division by 400 in an effort to restore profitability.

The company said yesterday that the jobs will be lost at GKN's Heath Street site in Birmingham, where 480 workers were made redundant in the middle of last year and a further 325 at the start of this year. The workforce will have been reduced in less than 18 months from more than 2,000 to 965.

The company also intends to rationalise its Heath Street operations by grouping four of the existing companies there into one to be called GKN Screws and Fasteners, which will come into being next January 1. The four companies concerned are GKN Wood Screws, GKN Rolled Threaded Screws, GKN Fasteners Tools and GKN Heath Street Services.

The fastener products division, which stopped making bolts two years ago and is now mainly concerned with producing screws for both industry and the retail market, has experienced a 3 per cent fall in demand since 1979.

It has nevertheless invested about £10m in the past six years in updating its production facilities, and has introduced a number of new products, such as the Supascrew, in an effort to improve its competitiveness.

A high proportion of its UK market has been eroded by imports in recent years, mainly fro mthe Far East, and the company said yesterday it was concentrating on higher technology products and cost reduction.

Economist backs Reagan monetarism

BY MARK MEREDITH

PRESIDENT REAGAN'S form of monetarism stood a better chance than Mrs Thatcher's, which had been a failure, said Sir John Hicks, the economist, in a lecture yesterday.

Sir John was giving the inaugural Robbins lecture at the University of Stirling. His address was entitled Are there economic cycles? He concluded that, from a study of the various interpretations of economic cycles, one could not dependably say that they existed.

He turned to the interpretation of monetary ceilings to the economy, a search which had so far proved abortive.

"There is, of course, no doubt that a monetary restriction can be imposed but it works through interest rates not through the quantity of money (in any sense) with which the rate of interest has proved to have no reliable connection."

Although high rates of interest dampened the activity of industry, their effect on prices was often perverse. Large monopolistic concerns felt a rise in interest rates as a rise in their costs.

"The one way which is open by which a rise in interest reduces prices is that it strengthens the external value of the currency. That does tend to lower prices, or to check their increase, but again at the expense of aggravating depression."

These forces were particularly strong in Britain. "They largely explain why Mrs Thatcher's monetarism has been a failure. They may be less strong in America, so I would judge that President Reagan's monetarism stands a better chance."

The dollar is strong while the experiment continues, but that makes other currencies weak.

Machine tool association sacks chief

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE MACHINE Tool Trades Association has dismissed Mr Roy Ward, its director general, only three months after he took up the position. No reason has been given for the dismissal, which has come as a surprise to some of the senior members of the body.

Mr Ward was called in by three senior officers on Wednesday and told the executive board and the council of the association had decided to ask for his resignation. He left that day rather than working the three months' notice offered to him.

Mr Ward, aged 45, said yesterday: "I tried to take the machine tool industry into the 1980s and I believed it was with the support of the membership." He is an ex-Army officer who was previously deputy director of the British Carpet Manufacturers' Association.

The council meeting which took place on Wednesday was a regular meeting, but it appears that most of the 50 or so members had not been notified previously of the subject of Mr Ward's impending dismissal.

Those present at the executive board meeting included Mr Pat Gailey, president of the association; Mr John Campbell, one of two vice-presidents, and Mr David Davis, honorary treasurer.

Mr Ward, who took up his position at the beginning of June, quickly began trying to strengthen the flagging fortunes of the machine tool industry. In particular, he took his conviction that the Japanese machine tool industry presented a growing threat to the survival of the industry in Europe to the Government, the CBI and EEC circles. He proposed that tariffs should be imposed on the Japanese.

Offshore construction yard plan for Wales

By Maurice Samuelson

PEMBROKE DOCK, in West Wales, may become the site of a major offshore construction yard if planning permission is granted for an application made this week.

A leading European company of civil engineers wants to use the yard for assembling oil industry equipment in two large hangars once used by Sunderland flying boats.

The company is believed to be Dragados y Construcciones of Spain but this has not been confirmed either by South Pembrokeshire District Council or Govan Davies Developments who submitted the planning application.

The £10m project would create up to 300 jobs initially with 900 more when a start is made on construction.

The sites location would enable the company to bid for work on the British Gas Corporation's Morecambe field and in the southern Celtic Sea where new exploration blocks have been allocated.

As the yard is in a development area, the project could qualify for a 15 per cent grant. If negotiations succeed, work could start on the site next spring and it could be operational by 1983.

The project would be welcome in the Pembroke Dock area which is suffering from a 19 per cent unemployment rate. Local officials are keen that it should go ahead. The dock's conservancy board, however, will lay down strict conditions to ensure that the yard will not hamper the operations of the adjacent B+I terminal.

Lower rises 'will bring more jobs'

By Anatole Kaletsky

A FORTHRIGHT statement of the Government's attitude to pay increases was made last night by Mr Leon Brittan, Chief Secretary to the Treasury.

The 4 per cent factor for pay increases in the public services would involve short-time reductions in living standards, and would be borne "very much in mind" in setting cash limits for nationalised industries, he said.

Limited sacrifices in living standards in the short term would result in proportionately much larger increases in profits, and would "pay off in the longer run through more investment, more wealth and more jobs."

Speaking to the Society for Long Range Planning, he said that Britain's loss of competitiveness, decline in output and rise in unemployment had "nothing whatsoever to do with monetarism." The root cause was "our inveterate tendency to demand levels of pay which are out of line with our ability to earn our living in the world."

The 4 per cent factor does not apply directly to the nationalised industries. But the Government "will have it very much in mind" in setting the industries' external financing limits. The industries would then have to live within them.

They may be faced with a choice between higher pay and expenditure on other things, such as "the investment on which future jobs depend."

Another 11 N. Sea oil blocks awarded

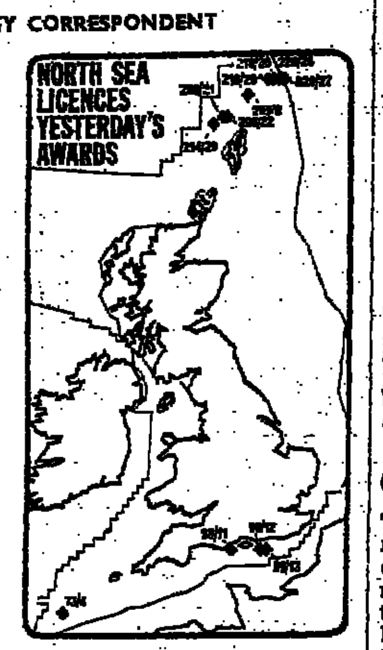
BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE ENERGY Department's 11 offshore oil concessions awarded yesterday brings to an end its seventh round of licensing, under which a total of 90 blocks have been allocated.

The 11 have all been allocated under the department's discretionary policy. It first names a number of blocks in which it is prepared to grant licences: companies then submit applications; the department sifts the requests and chooses the successful companies on the basis of various criteria, including technical expertise, financial standing and drilling programmes.

In March, the department awarded 37 discretionary licences. The latest awards bring the seventh round discretionary total to 48. Consortia applied for 55 of the 80 discretionary blocks originally on offer, so seven applications have been turned down.

In December 42 blocks were awarded in this round under a novel allocation system. The Government invited companies to nominate blocks of their own choice in some of the North Sea's most attractive waters. Successful companies had to pay a £5m premium for each of these blocks, raising £210m for the Treasury.



BLOCK	GROUPS
South Western Approaches 73/4	*BP Petroleum Development Total Oil Marine Elf UK Aquitaine UK
English Channel 98/11	*British Gas Corporation BP Petroleum Development
99/12 and 99/13	*Esso Petroleum Company Whitehall Petroleum Premier Consolidated Oilfields Venture Oil Company
North of Shetlands 208/12	*Elf UK Conoco (UK) Gulf Oil Corporation London & Scottish Marine Oil Company Barclays North Sea
208/21	*Esso Petroleum Company RTZ Oil and Gas
209/8	*Marathon Oil UK LMS Energy (LME) LL & E (UK) Norwich Union (Hydrocarbons)
214/29	*Total Oil Marine Tricentrol North Sea Hispanoil (UK) Pict Petroleum Esco Exploration
219/29	*BP Petroleum Development Elf UK Agip (UK)
219/30	*Total Oil Marine Tricentrol North Sea Hispanoil (UK) Pict Petroleum Esco Exploration
220/26	*BP Petroleum Development Elf UK Agip (UK) Enjay Holdings
220/27	*BP Petroleum Development Elf UK Agip (UK) Enjay Holdings

* Operator

£6m order for computer controlled machining line

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A £6M ORDER to install a flexible manufacturing system —an automated machining line —at Anderson Strathclyde has been awarded to Giddings and Lewis-Fraser, in Arbroath, Scotland.

The contract is believed to be the largest machine tool contract to be negotiated between two companies in the UK.

The system for Anderson Strathclyde will consist of six CNC (computer numerically controlled) horizontal spindle machining centres with automatic tool change and pallet interchange controlled by executive computer. It will be used for machining prismatic components for coal cutting machines.

Price rise 'may lead to cement imports'

By Andrew Taylor

PRECAST CONCRETE manufacturers warned yesterday that they may start importing cement from the Continent if British producers raised prices sharply in November. Cement makers have warned that prices could rise by between 9 and 12 per cent nextm onth.

The warning was given following a meeting between the British Precast Concrete Federation and the Cement Makers' Federation. Earlier this week cement producers met building and civil engineering employers to discuss the prospect of further price increases.

The Precast Concrete Federation said its industry was already under serious pressures —from falling workloads and increased competition from rival building products like reinforced steels, timber frames in housing and from plastic piping.

If cement prices continued to rise companies would have to look towards importing of cement although such a move could in the long term be detrimental to the interest of the cement maker and the precast industry.

"The huge price difference between cement in the UK and on the Continent extenuated by differences in energy costs makes it inevitable that this avenue would have to be explored should a price increase be imposed in the face of stiff opposition from the industry."

Cash for Chatsworth

THE Duke of Devonshire has raised £274,220 through a two-day book sale at Christie's. The money is for a charitable trust to maintain his Derbyshire home, Chatsworth. Yesterday the top price was £7,000 for 84 Italian plays mainly of the 16th-century in 23 volumes.

Sotheby's completed the sale of the contents of Amberley Castle in West Sussex, on the direction of the trustees of T. A. Emmet and the executors of Baroness Emmet of Amberley. The auction totalled £281,837 with highest prices of £16,000 for a Dutch tapestry table carpet of the 17th-century and £9,500 for an early 16th-century Brussels Renaissance gold thread tapestry portrait.

Wordsworth museum

THE NEW £321,000 Grasmere and Wordsworth Museum at Dove Cottage, Grasmere, was officially opened yesterday by Lord Charteris, chairman of the National Heritage Memorial Fund.

The fund gave a grant of £50,000 for the conservation of manuscripts. Other major grants came from the English Tourist Board (£50,000), the Countryside Commission (£40,000), the North West Museums Advisory Service (£20,000) and private donors such as Provincial Insurance (£10,000), the Carnegie Fund (£12,000) and the Ernest Cook Fund (£10,000).

BR college to close

THE British Transport Staff College at Woking, Surrey, is to close on March 26 and British Rail, the owners of the 70-year-old building, may sell or lease the property.

The transport staff college is sponsored by six of Britain's nationalised transport groups and is the only one of its kind in the world.

BR is the largest sponsor and usually provides up to 15 staff for each 36-place 11-week long general management course. However, because of its serious financial problems, with a loss of up to £140m forecast for this year, BR has decided to cut its support for the college.

Ambulance report

THE GOVERNMENT has accepted in principle the recommendations of a working party on how the nation's ambulance service should be managed when the National Health Service is reorganised next year. It will mean effectively no change in London and the metropolitan counties and changes will only occur outside the capital and the big cities.

James Capel battles through to retain investment analysts' league title

BY RAY MAUGHAN

THE EIGHTH annual league table of UK investment analysts, published today by Continental Illinois International Investment Corporation, shows that James Capel has retained the championship.

The firm has increased its lead slightly over other stockbrokers but the competition for the other places in the top ten has become fiercer. Scrimgeour, Kemp-Gee has held second position, but by a smaller margin than last year.

Hoarse Govett, a general broker covering, like James Capel, almost all sectors of the market, has pulled up to sixth place. Last year it slipped from fourth to eighth place.

Philips and Drew and Laing and Cruickshank have again made a determined assault on the top and have made gains largely at the expense of Wood Mackenzie and de Zoete and Bevan.

Each July the Chicago-based bank asks more than 200 institutional fund managers to name, in order, the three analysts who count most in making their investment decisions.

The managers are asked to rank their sector choices on the basis of depth of knowledge, quality of written material, frequency of follow up and, because this is very much a performance-dominated game, the success of their recommendations.

Their answers, in best analytical traditions, are weighted: analysts get three points for a first place, two points for a second and one for third. There are 58 sectors, ranging through the constituent parts of the FT Actuaries Index, fixed interest stocks, overseas bourses and the overview—economic and general market forecasting.

The survey highlights some of the trends in stockbroking analysis. The emergence of the "team" as opposed to the "loner" is a prominent feature of the latest edition. For example, the "star" analysts—those who received more weighted votes than the second choice in their sector by a ratio of 3:1—are dominated by collective rather than individual grey matter.

STOCKBROKER	RANKING (POINTS) 1981	1980	1979
James Capel & Co.	1 (1,191)	1 (1,113)	2 (861)
Scrimgeour, Kemp-Gee & Co.	2 (891)	2 (1,040)	1 (977)
Phillips & Drew	3 (679)	4 (731)	5 (615)
Laing & Cruickshank	4 (660)	5 (557)	7 (430)
Wood Mackenzie & Co.	5 (650)	3 (850)	3 (749)
Hoare Govett	6 (571)	8 (409)	4 (684)
W. Greenwell & Co.	7 (560)	—	—
De Zoete & Bevan	8 (342)	6 (505)	6 (431)
Simon & Coates	9 (283)	7 (502)	—
Rowe & Pitman	10 (266)	9 (340)	9 (393)

Thus John Hewitt, Gerald Horner, Geoffrey Carr and Nick Bubb of Scrimgeour, Kemp-Gee pick up star ratings in the stores sector and reappear on the food retailing counter.

Only Bernard Lardner of Laing and Cruickshank is entitled to stand alone on the star rostrum and, covering the merchant banks, he is not taking on the most heavily researched sector, as Continental Illinois' researchers have pointed out in earlier polls.

However, the pull of an individual's star status can count for a lot. Does the recruitment of Stuart Wemsley to cover chemical research from Hedderwick Stirling Grumbar help W. Greenwell jump into seventh place from outside the top ten? The bank's evidence suggests it does. He, with Ann Taylor, dominates the important chemicals sector.

Does the loss of a good analyst matter very much? According to the gossip of the respondents, Ian Smith's move to fund management at Ivory and Sime, for example, may account for Wood Mackenzie's slight decline in the electricals and electronics tables.

The voting can be tight and while Continental Illinois generally insists that an analyst must receive at least 10 per cent of the vote to rank even as a runner-up to the front [illegible] the rules have been relaxed in the heavily researched oils sector.

Wood Mackenzie holds the poll position here with some ease through Tony Mackintosh and Carol Ferguson. But the teams from Hoare Govett (D. McGregor, J. [illegible] Thompson and J. Hawkins) and the staff from Fielding Newson-Smith (J. Thompson, Linda Dargie and J. Lee) were running neck and neck with 12.72 per cent of the electorate. Hoare just pipped Fielding with a greater number of second places.

[illegible] Gilbert Eliott, through D. Roberts and T. Mabey, was runner-up but with only 9.73 per cent of the available votes.

The bank admits that it only got responses from about 90 managers. But it points out that the [illegible] collectively responsible for funds in excess of £70bn, equal to 53 per cent of the estimated total pool of money managed by major institutions.

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CB radio officially on the air next month

By Elaine Williams

THE GOVERNMENT confirmed yesterday that UK Citizen's Band radio will start on November 2 when licences will be available from post offices.

There will be no amnesty for the million or so owners of the illegal 27 MHz AM (amplitude modulated) sets in current use, although the Home Office says it may be possible to modify this equipment to meet requirements.

An annual £10 fee will cover up to three sets for personal radio communication.

So far, about 20 companies intend to enter the UK market. Those with sets for sale on November 2 include Amstrad, Binatone, Shadow Communications and Radiomobile.

One chain Argos, has ordered 750,000 sets from Amstrad. It believes it will sell them all before the end of the year. Sets cost between £60 and £100. Most are manufactured in the Far East.

Sales estimates vary from 1m to 3m sets in the first year.

'Lift the gloom' plea to Government

SOME ENCOURAGEMENT must be given by the Government "to lift the gloom that pervades large parts of industry," said Mr Roy Close, director-general of the British Institute of Management, last night.

The credibility of the Government's economic policies was at stake as far as many managers were concerned, he told the institute's Southampton branch.

The stimulus need not be consumer-led reflation but could take the form of such projects as roads, railways, rolling stock, port and airport installations.

There was also a need for a fundamental re-examination of the financing of nationalised industries, he said.

County may quit council group

BY ROBIN PAULEY

CHESHIRE County Council said yesterday it will consider pulling out of the Association of County Councils unless a decision is made quickly to oppose the Government's proposed legislation to curb rate rises. Derbyshire has already withdrawn from the Conservative-controlled association.

Mr Basil Jeuda, Labour leader of Cheshire County Council, said yesterday that the Government's intention to take powers to intervene directly in the rate-setting decisions of individual councils represented a "fundamental assault on the independence of local government."

The proposals would change the basic constitutional relationship between central and local government and a careful scrutiny of the Government's election manifesto showed there was no electoral mandate for such a change.

The ACC is deeply split about how to respond to the Government's proposals. After hours of argument at the local authority associations' conference in Torquay last week a complete break-up of the ACC was only narrowly avoided when Mr Jack Smart, leader of the Labour controlled Association of Metropolitan Authorities, urged the county Labour group not to walk out and set up their own association.

The AMA is mounting a £500,000 campaign against the legislation, but its Tory members are refusing to contribute.

The Conservative leadership of the ACC holds views ranging from outright support for the Government's plans to complete hostility. A new attempt to paper over the deepening cracks will be made on Monday.

Mr Jeuda said the way the ACC campaigns against the legislative proposals will be the litmus test of the association's credibility in representing the interests of county councils.

"All the indications are that the ACC is reluctant to join other local authority associations in a common and aggressive campaign.

"This raises two fundamental issues:— If the ACC is not prepared to defend local government and its autonomy what is the purpose of the ACC's existence? If the ACC is not prepared to oppose the intended legislation is there any legislation affecting the independence of local government that it would oppose?"

Mr Jeuda says that if the ACC is not prepared to campaign, Cheshire and many other authorities will be looking closely at the value of their membership.

It is not only Labour councils which are worried about the ambivalence within the ACC leadership. Hampshire and Oxfordshire are among at least five Tory counties urging that the legislation be vigorously opposed.

The Tory-controlled Association of District Councils, which is objecting strongly to the plans, yesterday complained about another proposed aspect of the legislation—the removal of the freedom of councils to choose their auditors.

The Government plans to set up an Audit Commission and appoint all the members. The commission will allocate an auditor either from the private sector or from the district audit service to each council.

The district council's group says there is no justification for ending councils' freedom of choice and that the new commission will be another quango generating its own momentum and growth with local government footing the bill.

The association says it is concerned about the intended general ministerial power of direction over the commission in the discharge of its functions.

"This wide power, coupled with the power of appointment and various other controls, is completely at odds with the concept of an independent commission free from government intervention," says the association in response to the Government's consultation document on the subject.

CWS interim profits rise £1.7m to £7.1m

By Our Consumer Affairs Correspondent

THE CO-OPERATIVE Wholesale Society, the largest food manufacturing and wholesaling organisation in Europe, yesterday reported interim trading profits up by £1.7m to £7.1m.

The improvement for the half-year to June 27, 1981 was made on a turnover increase of only 4 per cent to reach £840m.

CWS's interim results mark the first time it has made such information publicly available.

However, CWS board says "it is too early to conclude that this advantage can be maintained for the year as a whole."

At the interim stage, the CWS figures do not include any profit from the wholly-owned banking group.

Plans to reform 'bargain offers' law ready soon

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PLANS to reform the controversial bargain offers legislation will be presented to the Government within the next few weeks by the Office of Fair Trading.

The OFT's six-month review of the legislation followed widespread criticism from retailers and consumer groups that the law was unworkable and widely flouted.

The legislation, banning misleading or meaningless price comparisons, was introduced by the last Labour government. Many retailers have ignored it or found loopholes.

Trading Standard officers who are responsible for enforcing the regulations have been unable to cope with the widespread flouting or have found themselves unable to deal with the law's complexities.

Earlier this year the Government asked the OFT to review the working of the legislation.

The OFT's report to Mrs Sally Oppenheim, Consumer Affairs Minister, could suggest scrapping the existing legislation and tightening control through new laws.

The Retail Consortium, which represents the bulk of Britain's retailers, has already said it considers the present law should be scrapped. It suggests that any control of bargain offers should be enforced under the Trades Description Act.

Meanwhile, the consortium yesterday again emphasised its opposition to new legislation requiring the country of origin to be marked on a wide range of consumer goods.

Miss Heather Spencer, a consortium official, told a London business conference that the new rules would not only be difficult to enforce but "there was a lack of real evidence that consumers needed such legislation."

Energy-saving tape coating process on show

By Robin Reeves, Welsh Correspondent

A £400,000 PROJECT which has resulted in a 69 per cent energy saving in a solvent coating process was put on show yesterday by the 3M company at its Swansea video plant.

The investment, which is backed by a £77,000 government grant under the Energy Conservation Demonstration Projects Scheme, will pay for itself in less than three years.

Energy consumption in 3M's tape coatings process previously totalled 159 therms per hour. It has now been reduced to 55 therms per hour.

The project, if adopted by other manufacturers using comparable solvent coatings processes, could save an estimated 24,000 tonnes of coal equivalent a year.

Mr Dennis Boatfield, energy manager, said his company had saved £3.7m as a result of conservation measures adopted by its UK plants since 1974.

Contractor catering plan to cut BA losses

By Michael Donne

BRITISH AIRWAYS plans to save over £15m during the next five years, by transferring its European and domestic catering operations to an outside contractor.

This plan is part of the major cuts, announced two weeks ago, to stem anticipated losses of over £100m on the airline's operations in 1981-1982.

The airline said yesterday that from February 1 1982, responsibility for all in-flight catering on European and domestic short-haul services will be taken over by the airline catering organisation run by Mr Anthony Thomas Hillier.

His group already provides catering services for Swissair, Japan Air Lines, Iberia, Air-India, South African Airways, Australian Airlines Finnair and Scandiniavian Airlines System. He is a director of SAS Catering, Skyliner Services, Air Cuisine (of which he is also chairman) and of International Catering Consultants.

Mr Howard Phelps, British Airways' operations director, said Mr Hillier's operation had a purchasing power 10 times greater than that possessed by the British Airways' short-haul catering services. As a result he could save up to about 33 per cent against BA's own catering.

The change is likely to mean that Mr Hillier will take over the BA North Catering Centre at Heathrow, together with many of its 500 staff, who produce more than 3m meals a year for BA's short-haul flights.

British Airways will continue to provide its own catering for long-haul flights.

The airline has received more than 6,000 applications from staff willing to take advantage of the airline's voluntary severance scheme. This forms part of the attempt to cut staff numbers by 9,000 to 43,000 by next June.

The voluntary severance agreement, which offers payments of up to 1½ years' pay for employees willing to leave the airline, is open until October 16. By then, the management expects the figure to be well over 7,000. The aim is to cut the payroll by about £100m a year.

It is the aim of top management to allow all the applicants to depart unless there are especially compelling reasons for retaining them—for example, so as not to leave any particular department short of key personnel.

The rest of the 2,000 or so redundancies needed will be accounted for by early retirements. It is still the aim to avoid compulsory redundancies if possible.

Whether the airline will need to cut staff numbers further to below 43,000 is something the management is not prepared to discuss. It believes that at about 43,000, it will have just the right number of personnel.

Dan-Air crash suits likely to total £1m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ACTIONS IN WHICH potential damages could amount to about £1m have been started against Dan-Air, the independent airline, by relatives of those killed in the British Aerospace 748 airliner crash at Sumburgh, Shetlands, on July 31, 1979.

The aircraft crashed into the sea after over-running the end of the runway while taking off. Fifteen passengers and two crew were killed. The 30 others on board, 29 passengers and one crew, survived.

The investigation report from the Department of Trade's Accidents Investigation Branch attributed the cause of the crash to locked elevators, which prevented the aircraft from flying. This, in turn, was due to the elevator gust-lock becoming re-engaged during the take-off run.

The legal actions begun, in Edinburgh, cover initial claims amounting to more than £250,000. Other claims are pending, and total damages claimed could amount to £1m.

Dan-Air's view is that the accident investigation did not attribute blame to the airline, but to a fault in the aircraft.

A fatal accident inquiry held in Edinburgh in April last year by Sheriff Alastair Macdonald found it impossible to reach a final view on how the crash occurred.

Dan-Air said yesterday that it was considering the actions, with the lawyers and would take whatever action was necessary.

It seems likely, however, that in view of the findings of the accident investigation, other parties may also become involved in the actions, including British Aerospace, which built the 748 in 1962. It had been flown by an Argentine airline prior to its acquisition by Dan-Air in 1977.

The Civil Aviation Authority, which owns and operates Sumburgh airfield and also is responsible for issuing Certificates of Airworthiness for all aircraft on the UK register, may also become involved.

North Atlantic fares fight likely to get tougher

BY OUR AEROSPACE CORRESPONDENT

THE BATTLE for traffic on the North Atlantic route this winter seems likely to become even tougher, with airlines cutting fares to stimulate traffic during what are customarily the poorest months of the year.

Delta, the U.S. airline which flies between Atlanta and Gatwick, has fired the opening shot by announcing cuts of up to 66 per cent in some fares.

The Advance Purchase Excursion return rate between Gatwick and Atlanta will be cut from about £690 to £225 return, with the one-way fare reduced to £120.

The rates will be available from November 1 to December 19, and from January 3 to March 31. The airline has asked for UK Civil Aviation Authority approval for the rates. Similar cuts are being sought from the U.S. Civil Aeronautics Board for the Atlanta to London flight.

Delta is offering cut-price "far bargains" to a number of Florida resorts via Atlanta this winter. The return fare from London to Daytona Beach will be £220, to Fort Lauderdale, £263, to Fort Myers £256, Jacksonville £257, Miami £263, Orlando £229, Tampa £229 and West Palm Beach £263.

EEC to give assisted areas £39m aid

BY JAMES McDONALD

GRANTS OF £39.1m from the European Regional Development Fund towards the cost of projects in the UK were announced in Brussels yesterday by the European Commission.

It is the third 1981 fund allocation and relates to nine industrial and 78 infrastructure projects in UK assisted areas. It brings to more than £720m the total fund contribution to UK projects since the fund was formed in 1975.

Aid to English regions from the latest allocation amounts to £16.32m of the £39.1m total, with northern region receiving £12.74m and Yorkshire and Humberside £3.85m.

Scotland receives grants totalling £14.59m, with £6m of that going to the Japanese Nippon Electrical computer components factory in Livingstone New Town.

Wales receives grants worth £3.45m and Northern Ireland £4.76m.

Of the £16.32m grants to the English regions, £12.82m goes to 16 infrastructure projects. A £3.5m allocation by the commission towards the cost of UK national aid to the Findus frozen foods industrial project in Newcastle upon Tyne will not be passed on to the company but will be retained by the Government.

Infrastructure projects in England which receive aid include: the Kielder Dam project in Northumberland and modernisation and improvement of railway signalling in South Yorkshire.

Eumig offshoot acquired by managers

BY ELAINE WILLIAMS

A FIVE-MAN management team has acquired the UK distribution subsidiary of Eumig, the Austrian camera maker which went bankrupt in August.

Eumig (UK) has continued to trade profitably throughout the difficulties of its parent company, with pre-tax profits last year of £277,000 on a turnover of about £8m.

Mr Neil Magee, a member of the management buy-out team, said that the UK distribution company marketed a wide range of photographic goods and hi-fi equipment made by other manufacturers which had cushioned it from the Austrian parent's losses.

The UK company, which employs 60 people, was originally acquired by the Austrian group in 1977 from Johnsons of Hendon. So it has traditionally marketed several other makers' equipment.

Huge majority for leaving EEC without referendum

BY IVOR OWEN

ERIC HEFFER: no glittering prizes

LABOUR'S programme for the next election will include a clear-cut pledge to take Birtain out of the Common Market, Conference decided yesterday.

A resolution calling for withdrawal from the EEC to be made a firm election manifesto commitment was carried by 5,807,000 to 1m—a margin far in excess of the two-thirds majority nominally required to ensure that Conference decisions are put before the electorate.

Delegates also decided that the general election verdict should be final, rejecting a call for another referendum on the issue, by 5,830,000 to 1,072,000 votes.

There was a further massive majority—6,213,000 to 782,000—for an NEC policy statement contending that a further renegotiation of the entry terms could not change the fundamental disadvantages which membership of the EEC has imposed on Britain.

Mr Eric Heffer, MP for Liverpool Walton, who was the NEC spokesman in the debate, refused to accept that the next Labour government would be duty-bound to follow the precedent set in 1975 and stage a referendum on whether Britain should remain in.

This was because voters would be faced with a clear choice: "Vote Labour and take Britain out or vote Tory, Liberal or SDP and keep us in."

Mr Heffer argued that eight years of membership of the Common Market had not brought Britain the glittering prizes which were so glibly promised by the pro-marketeers.

There had been no room for industry to increase employment, and Britain had not been able to speak with greater influence on world affairs.

Instead, he said, British consumers had been forced to pay higher prices for food — because of the taxes imposed by the EEC, industry had been decimated through the EEC's trade onslaught, and British taxpayers had had to pay to the EEC thousands of millions of pounds more than the nation had received.

Mr Heffer maintained that withdrawal from the Common Market would enable the next Labour Government to develop the Socialist alternative economic policy which had been agreed by the Labour Party and the TUC.

He looked forward to a renewed period of economic expansion, which would provide the wealth needed to rebuild the welfare state, and provide the public services so desperately needed in a civilised society.

Out of the market the next Labour Government would be able to impose import controls without having to overcome the EEC objections, and be able to restore exchange controls to end the flood of investment now going overseas.

Without the obligations of EEC membership the next Labour Government would also be in a better position to provide selective aid to industry.

Mr Heffer insisted that a Labour government would not be taking Britain out of the EEC because it was anti European, but because it wished to free Britain from the restrictions applied under the Treaty of Rome, which would ensure Labour's alternative economic strategy would be "hamstrung at every turn."

Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation, led the call for a referendum.

He urged delegates to beware of those who sought to claim that Britain's economic problems were entirely due to membership of the Common Market.

"We could be deceiving ouurselves if we suggest to the electorate that our decline began with entry into the EEC in 1973 and will end in 1985 when a Labour government takes us out," he said.

Mr Sirs cast doubt on whether the national executive had examined the consequences for Britain's trading position of withdrawal from the EEC.

He was anxious about the possible effect on the British steel industry which over the past three months had been improving its position.

To cheers from pro-marketeers Mr Sirs recalled that after the 1975 referendum produced a majority in favour of Britain staying in the EEC Mr Tony Benn had commented: "We must tremble before the voice of the British people."

He maintained that the British people were entitled to a similar opportunity to say "Yes or No" to retaining the existing link with the EEC.

Mr John Silkin, a leading anti-marketeer, was cheered when he stressed that in or out of office he had never wavered in his opposition to Britain's membership of the EEC.

Fisher calls for end to rows over deputy role

By John Hunt

AN APPEAL to Mr Tony Benn not to stand next year for the deputy leadership was made by Mr Alan Fisher, general secretary of the National Union of Public Employees and past president of the TUC.

Although he did not mention Mr Benn by name there was no doubt who his words were intended for. Mr Fisher made it clear that in his opinion Mr Benn would increase his stature in the eyes of the Labour movement by not provoking another contest.

Mr Fisher emphasised the damage done to Labour by the deputy leadership battle and called for changes in the new electoral college system to prevent a similar situation.

Giving the fraternal address on behalf of the TUC he declared: "I appeal to those who may consider standing for the deputy leadership to think and think and think again before they decide to stand.

"I ask them to consider whether they might not enoble themselves by standing down on this occasion."

By accepting this week's deputy leadership election result those considering standing could become—by changing their minds — "tomorrow's men."

Mr Fisher, whose union supported Mr Healey for the deputy leadership after a ballot of its members, recalled that when he first started working for the union as a typist he practised the words: Now is the time for all good men to come to the aid of the party. "I can commend no better sentiment to you than that," he said.

Many people, he said, were unhappy about the way the procedures for the deputy leadership election had been carried out. The party and the unions should sit down after the conference and have a look at the way things had gone in order to try to improve the system.

The party had to get this right so it would not again be assailed by the media as it had during this year's contest.

Mr Fisher reminded delegates that if their policies were to be put into operation the first priority must be to get the party returned to power.

"Anything that stands in the way of that must be abhorred. We must be honest, the divisions over the deputy leadership have stood in the way. The existence of the Social Democratic Party, if we let it, could also stand in the way."

The need for unity did not mean the party should become a mutual admiration society. Members could go on talking about expanding democracy and the way policies should be determined.

"But we must do it in a way that does not feed the media and does not allow them to attempt to destroy us."

When the ship of state was sinking people did not expect the crew to be arguing about the result of a ballot in the engine room. They were not interested in arguments that might be taking place between the first and second mate.

On the industrial front Mr Fisher warned of the coming struggle over the Government's 4 per cent pay policy for the public sector in the coming round. He also recalled the winter of discontent in the last year of the Callaghan administration.

"This Labour movement must never again get in the position where we have a confrontation over wages policy between a Labour government and low paid workers," he said.

About-turn on manifesto foils left

BY ELINOR GOODMAN

THE LEFT was just prevented yesterday from salvaging a key victory in the struggle for control of the party from this year's conference. In an extraordinary turnaround, the conference voted first in favour of giving the final say on the manifesto to the national executive committee, then against an amendment to the party's constitution to put the change into effect.

Largely as a result of one large union switching sides between ballots, the status quo was preserved, and the Left was robbed of a victory which would have meant that Mr Benn had succeeded in getting through all his three original demands for changing the party's constitution.

The result was a relief to Mr Michael Foot, the party leader, who twice appealed to Conference to reject the proposal. After the first vote, he sat dejectedly on the platform while Mr Benn clapped jubilantly. After the second vote, the positions were reversed and the moderates were triumphant. But the precarious nature of the victory is indicative of how fragile some of the gains made by the moderates at this year's party conference may turn out to be.

On the first vote, on the principle of giving greater powers to the NEC, the Left won by 3,609,000 to 3,400,000. Mr Foot then appealed again to Conference to reject the proposal. After 20 minutes' frantic behind-the-scenes lobbying by the Right, the Union of Shop, Distributive and Allied Workers agreed to switch sides and put its 400,000 votes against the amendment to the constitution necessary to put the principle into practice. As a result, the amendment was defeated by 3,791,000 to 3,254,000.

Now, only the executive itself can raise the issue within the next three years. Given the new majority against Mr Benn on it, the issue is unlikely to appear on the agenda this side of an election.

As a result of yesterday's defeat, left-wing activists were all the more determined to recoup their losses on the executive.

The issue of who writes the party's manifesto has been central to Mr Benn's campaign to limit the powers of parliamentary leadership.

Last year the proposal failed to get through Conference by only 70,000 votes and the left was optimistic that it would succeed this year. On Sunday, to their annoyance, the NEC decided to oppose the resolution on the chairman's casting vote.

Speaking on behalf of the executive yesterday, Mr Foot urged Conference to join a partnership with the parliamentary party to win the next election. Once again, he was at pains to reassure the left that he understood their anxiety about the need for democracy in the party.

> ❛ We must understand that we sink and swim together. What we need is a little more swimming and a little less sinking ❜

"We have to translate into effective action the views and policies that have been expressed by this Conference," he said. But this could only be achieved by working together. He argued the motion could "injure that partnership."

The morning's debate on the constitution showed the widespread distrust of MPs among constituency delegates. One constituency speaker after another cited times when the parliamentary leadership had ignored the views of Conference.

The last Government's 5 per cent wages policy was frequently mentioned, together with the defection of former Labour cabinet ministers like Mrs Shirley Williams and Mr Bill Rodgers. Without greater control by the NEC over the manifesto, they warned there was no guarantee that the policies passed by conference would ever be implemented by a Labour Government.

Arguing against the motion, Mr Giles Radice, MP for Chester-le-Street and secretary of the right-wing Manifesto group at Westminster, insisted that it was time the party stopped campaigning against the parliamentary Labour Party.

"We must understand that we sink and swim together. What we need is a little more swimming and a little less sinking."

Earlier in the morning, the moderates had succeeded in getting a minor change to the electoral college for the party leaders, which will mean that MPs will be able to vote by proxy if they are unable to get to the party conference.

A vote on more fundamental left-wing demands to make MPs more accountable to the rank and file was postponed until today. During yesterday's debate on this issue, MPs were repeatedly accused of acting as "lobby fodder" and behaving like puppets, and the demands may well come up again next year.

But in another sign of the way which Mr Benn has alienated himself from his old allies on the left with his deputy leadership campaign, Mr Eric Heffer yesterday urged the conference to drop demands to curb the independence of MPs.

Giles Radice

He defended MPs against the charges of acting like puppets, and insisted that they worked harder than most people. He wanted to see the implementation of party policy, the defence policy, carried out and the House of Lords abolished.

"I want to see the PLP instrumental in carrying through these changes, but we can't tie down every individual to every conference resolution."

Right hopeful on TUC liaison

BY JOHN LLOYD, LABOUR CORRESPONDENT

RIGHT WINGERS on the Labour Party's NEC believe they can change the composition of the crucially-important Labour Party/TUC liaison committee. This would greatly improve the chances of an incomes policy forming part of a new "social contract" between party and unions next year.

The present delegates from the NEC on this policy-making committee are largely on the Left of the party, committed against any form of incomes policy in a mixed economy. They include Mr Tony Benn, Mr Norman Atkinson, Mr Eric Heffer, Miss Joan Lester and Mrs Judith Hart.

The issue did not arise at the first meeting of the new executive on Wednesda night, but is almost certain to be raised at its next meeting at the end of this month.

One of the NEC seats on the liaison committee must be filled, following the defeat of Mr Atkinson by Mr Eric Varley for the post of party treasurer earlier this week.

Mr Varley, shadow Employment Secretary, is already a member of the Parliamentary Labour Party side of the committee.

The swing to the right on the NEC will, in any case, render it more likely to consider a pact with the TUC which would include an agreement on incomes. However, the largest affiliated union, the transport workers, remains implacably hostile to such a prospect and both the Labour Party Conference and the TUC have come down against such a pact.

It became clear yesterday that Left-led unions will organise strongly in the coming weeks to fight back against the reversals they suffered on the NEC elections on policy issues in the past week.

Left-wing union leaders have already held informal meetings to discuss the outlines of a strategy. The transport workers, in particular, regard the previous "gentlemen's agreements" on voting for NEC members—where understandings between unions existed on voting for each other's nominees—to be void, and will back Left-wing slates in future elections.

Officials said yesterday that meetings would take place in the next few weeks to thrash out policies, tactics and slates to be circulated by the start of next year before the next round of union conferences begins.

They believe they should seek to avoid a repetition of incidents like the ballot of members taken by the National Union of Public Employees, which came out for Mr Denis Healey in the deputy leadership elections, while the union's executive supported Mr Benn.

Some officials argued yesterday that such issues should be settled by union conferences rather than by throwing them open to snap ballots.

FOOD FOR THOUGHT: a pensive Mr James Callaghan deep in conversation with John Golding MP

Foot starts to woo back Benn

By Elinor Goodman

MR TONY BENN is posing new problems for Mr Michael Foot over his future role both on the party's national executive and the shadow cabinet.

Mr Foot said yesterday that he hoped Mr Benn would stand for election for the shadow cabinet this autumn and that he personally would vote for him. He is expected to see Mr Benn over the next few days.

Yesterday there were also signs that, in his determination to bring Mr Benn back into the fold, Mr Foot might even be prepared to defend Mr Benn's position on the key home policy sub-committee of the NEC.

Mr Benn, who when he last attended a shadow cabinet meeting had a showdown with Mr Foot over his refusal to stand by the doctrine of collective responsibility, has not yet decided whether to stand.

Some of his advisers are arguing strongly that he should not allow himself to be "gagged," and he has already responded to tentative approaches made to him by Mr Foot's camp by making it clear that if he does agree to stand for the shadow cabinet it will be on his own terms.

He would campaign in precisely the same way as he campaigned for the deputy leadership, and would make it clear that he saw his main task as ensuring that the shadow cabinet carried out the policies approved by the party conference this week.

The problem for Mr Foot is that if Mr Benn did campaign in this way it would make it even more difficult for him to get elected to the shadow cabinet.

Last year, when only 12 places were up for election, Mr Benn was the runner-up. He was co-opted into the team when Mr Bill Rodgers left the Labour Party.

This year there are 15 places up for election, and given the way Mr Benn has antagonised MPs by his deputy leadership campaign it is unlikely that he would get enough votes without the active support of Mr Foot.

The signs yesterday were that his proposal on Wednesday night to set up some new rallying point for the left at Westminster had further alienated some members of the left-wing Tribune group who voted for him last year.

Hayward urges boldness as he says farewell

Financial Times Reporter

MR RON HAYWARD, Labour's general secretary, appealed in a farewell speech for unity around a bold manifesto to win the next election. Mr Hayward, who is retiring after nine years, told MPs, unions and constituency sections that they needed each other.

He predicted that the next election would take place in October 1983, and he told the party that they must put forward a courageous programme. "Remember 1945 and the manifesto we had then. We were going to take various things into public ownership. We said we would do it and we did.

"Then, as we got scared of nationalisation and the Press because they mad a dirty word of it, our vote went down and down.

"We have got to take the bull by the horns and say exactly what we want to the British people," he said to cheers from delegates. Each section of the party had to trust the others, and without that trust they would not win an election.

Nationalisation of drug industry wins approval

BY IVOR OWEN

AGAINST the advice of the NEC, Conference voted to ban private medical practice and to bring the pharmaceutical and other medical supply industries into public ownership.

Delegates also called for a restoration of all spending cuts in the health service and index-linking of the NHS budget, abolition of all health service charges, and a 35-hour week and minimum £80 wage for health service workers.

The decision, reached on a show of hands and without the two-thirds majority needed to ensure its automatic inclusion in the party programme, was an eleventh hour triumph for Mr Bernard Dix of NUPE, one of the left-wingers voted off the NEC earlier in the week.

Speaking from the platform, he paid scant regard to his official brief: to recommend Conference to remit the resolution to the NEC for further consideration.

With his imminent departure and the left no longer in control he would give no guarantee of what the result would be, he said.

The sponsors of the resolution responded to this prodding by forcing a vote, and there were delighted cheers from the left when the resolution was carried.

Earlier, Mrs Gwyneth Dunwoody, Labour's health spokeswoman in the Commons, stressed that an NEC working party was already looking at all aspects of the pharmaceutical industry.

Mr John Ashton, from Southampton, a health service consultant, led a fusillade of attacks on private medicine.

"Health services should be free at the time of use with equal access for equal need, not ability to pay. Private practice is a cancer in the health service," he said.

Delegates cheered as he went on: "There is no time now to be mealy-mouthed and carry on talking. Private practice must be abolished in this country.

"What has happened over the last two years is that the carpet-baggers from America have moved in and are taking away our staff trained at public expense."

Mr Charlie Kelly

MR CHARLIE KELLY, who lost his place on the national executive on Tuesday, is a member of the Union of Construction, Allied Trades and Technicians, not the National Union of Mineworkers as stated. Mr Eric Clark, a member of the NUM, stays on the executive.

Hell's belles give chairman Alex a hard time

WHEN Jean-Paul Sartre wanted to depict Hell he made the setting a dreary hotel room with three characters endlessly tearing each other apart in vicious argument.

Yesterday we had the Brighton version: 1,100 delegates packed into the conference centre discussing the Labour Party constitution with no apparent attempt from the chair to keep a firm grip on the timetable.

It was one of those days when the Labour Party was at its soppiest. First we saw an attempt to "fully integrate" the parliamentary party into the Labour Party machine to ensure that MPs implemented conference decisions.

It soon became apparent that the rank and file did not have a very high opinion of their representatives at Westminster.

According to the proposer of the motion, Rosina Macrae, parliamentary work for many MPs was part-time, "something to do after the law courts closed."

In the words of Porgy and Bess, Mr George Cunningham, MP for Islington South, warned against naive notions: "It ain't just as simple as it sounds."

His words, however, received only tepid applause.

Another delegate, Pat Nicholas, assured the parliamentarians: "We come not to bury MPs but to free them."

At this members in the parliamentary section of the hall stirred uneasily.

In a sudden rush of common sense the conference remitted the motion and moved on to consider the proposal that the national executive, not the parliamentary party, should have the last say in deciding what goes into the manifesto.

An enthusiast from Tottenham, Mr Ernie Large, declared that it would enable "the elderly, the unemployed, the disabled, the shop floor, union branches, MPs and everybody else to write the manifesto in partnership and true democracy."

The resolution was approved on a card vote despite a skilful attempts by Mr Michael Foot to persuade delegates to reject it.

The party leader looked downcast at this slap in the face. A few seats away Mr Tony Benn grinned gleefully.

The party hierarchy, however, still had a trick to play.

In a second card vote an attempt to incorporate the resolution in the constitution was narrowly defeated.

This neatly nullified the effect of the first vote.

During the afternoon the jargonists were out in force when a motion on women's rights mysteriously appeared on the agenda.

The buzz words were soon flying: "We want positive discrimination for women in the party now," declared one delegate. "We don't want a sectarian approach."

It ended in a touching scene when conference chairman Alex Kitson — strongly suspected of male chauvinist leanings — was presented with a bouquet of flowers by Janet Pickering of Croydon — just to show the feminists had no hard feelings.

Later there was a decidedly lacklustre debate which resulted in delegates voting for the party to draw up a specific programme for withdrawal from the EEC.

But what had come over the Labour movement? Hardly a voice was raised in anger on this once inflammatory topic. There was not even an attack on those sinister foreigners across the Channel.

It seems that this issue is no longer trendy enough to merit the vituperation of the younger comrades.

They have moved on to more exciting topics such as reselection, women's lib, gay rights and the campaign to curb the powers of the police.

John Hunt

TIME: 11.54 a.m.
DATE: September 26, 1981
PLACE: Everett, Washington
EVENT: 767 Inaugural Flight

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THE PROPERTY MARKET

BY ANDREW TAYLOR

Free rent offer in W. Midlands

PROSPECTIVE tenants seeking space on one of the West Midlands most attractive industrial developments are being offered one year's rent free accommodation. The terms underline the depth of the recession in the industrial property market in this part of the country.

West Midland agents have comforted themselves that demand has held up reasonably well for modern efficient well-located factories in areas such as along the Aston Expressway to the north east of Birmingham. Clearly, however, this is not the case throughout the region, judging by terms now being offered by Bryant Samuel on the first phase of its Monkspath Indsutrial Park in Solihull.

New tenants are being offered a year's free accommodation with rents in the second year kicking-off at £1.90 to £2.25 a sq ft. This compares with asking rents of up to £2.50 a sq ft when the first phase was completed 12 months ago.

Since then only three of the 19 units in the 175,000 sq ft first phase have been let with £2.50 a sq ft being achieved on a 6,000 sq ft unit.

The cut-price offer is scheduled to last until the end of this year and Bryant Samuel described its move as: "A positive and realistic approach on our part to current market conditions."

The new leases will run for a standard 25 years with the developers not due to take any benefit from improved terms until the first rent review arises after five years—by which time Bryant Samuel hope the market will have overcome its present difficulties.

Monkspath is a modern well managed estate built to a high standard and can easily be described as a prime development. It may not be quite as well located to main motorway links as some developments to the north-east of Birmingham but it is still relatively well situated with reasonable access to the M6 and M42.

Nevertheless lettings have been hard to achieve although managing agents Phoenix Beard say there has been a high level of inquiries over the past 12 months for the 16 units currently available in the first phase. Units range from 5,700 sq ft to 17,000 sq ft.

One firm of West Midland agents said: "It's rather like the housing market, there is solid demand and a good level of inquiries but tenants are shopping round for the best deal—in some cases this has led to over-optimistic asking prices being reduced. Negotiations are taking much longer to conclude."

The agents, however, deny there has been any widespread decline in prime industrial estates which in the main have held up at around £2 to £2.35 a sq ft since the first quarter of 1980. Some rents for the very best located modern accommodation may even have seen a small increase, although falling in real terms.

Nevertheless the industrial property market in the West Midlands is under strong pressures. Vast amounts of older premises have been thrust on the market as manufacturing firms have cut back and closed factories during the recession.

According to the latest figures by King and Co, there was just more than 24m sq ft of empty factory and warehouse in the West Midlands during August this year.

This compares with 12.2m sq ft on the market at the same stage a year ago.

The level of new industrial schemes getting under way in the region has fallen sharply over the past few months as the amount of vacant industrial accommodation seeking new tenants has continued to rise.

At Monkspath, a second development phase of around 150,000 sq ft is presently under way, but it seems likely that Bryant Samuel will postpone any decision on developing the remainder of its 20-acre site until the lettings climate improves.

Joint letting agents Phoenix Beard and Edwards Bigwood & Bewlay will be watching events closely.

London boost by CU

ANOTHER face of the industrial property market was presented this week by Commercial Union which unveiled details of its £9m plan to build a further 250,000 sq ft of new factory and warehouse space on BL's 11-acre former Park Royal bus plant site in north west London.

Evidence of CU's long term confidence in industrial property in this part of the south east is provided by the fact that the insurance group is going for a high cost prestige development rather than building a cheaper standard cost estate.

Mr John Owen, CU's in-house development surveyor says: "Most people would build for around £17 a sq ft but we are looking for a first class investment for the life fund and building costs are currently estimated for the first phase at around £21 a sq ft. Landscaping costs alone will be well over £100,000."

CU says it is looking for initial rents of around £3.65 a sq ft for larger units and up to £5 a sq ft for smaller units. It accepts that in the present climate lettings may be difficult at first but is convinced of the long term potential of its development in a part of the country where prime industrial rents have remained relatively strong despite the recession.

Building work on the first phase of 180,000 sq ft has already started and the first 45,000 sq ft is due to be completed by the end of this year.

Esso in new letting

ESSO oil group is understood to have taken all 54,000 sq ft of Malbroucke House just around the corner from Queen Anne's Gate in London. The deal has been described as important for this part of central London where the lettings market has recently been sluggish.

Esso is believed to have agreed an initial rent of £900,000 a year which works out around £16.66 a sq ft. Several other prospective tenants were understood to have shown interest in the offices which have been on the market since before the end of last year, although building work was not completed until earlier this year.

The offices have been restored and extensively refurbished by Builders Amalgamated, part of Trafalgar House, which acquired Malbroucke House from the Greater London Council several years ago. The scheme was financed by Royal Insurance. Joint letting agents were Jones Lang Wootton, St Quintin and Brian Cooper and Co.

The deal is important as it removes a sizeable chunk of property from this part of the London office market, where agents report that, despite continuing strong interest from prospective tenants, actual lettings had been slow to achieve and there had been fears that rents might come under pressure.

The letting to Esso was therefore regarded as an important test for the market. Other sizeable office blocks currently available, or potentially available in this part of central London include British Steel's headquarters in Grosvenor Place and the former National Iranian Oil Corporation Building, whose future still remains in doubt.

British Steel is currently asking a rent of around £15.60 a sq ft for its 173,000 sq ft office building in Grosvenor Place.

On the fringe

ONE OF the latest office schemes to get underway on the eastern boundaries of the City is Central & City's £12m Bishops Court development at Artillery Lane, EC2.

The scheme will provide around 53,500 sq ft of offices when completed in May next year and joint letting agents Sinclair Goldsmith and Jones Lang Wootton are initially talking of an asking rent of around £14 sq ft.

The scheme is being jointly carried out by Central and City and Western Heritable Investment Company, which provided the finance. On completion the development is expected to command an investment value of £12m.

This part of the City fringes has been attracting a good deal of comment recently; not least because of the Greater London Council's present attitude towards new development in this area and the high level of outstanding planning permissions understood to be already in the development pipeline.

King's Reach runs aground

THE FUTURE of the ill-fated King's Reach hotel complex at the southern end of London's Blackfriars Bridge has received another setback. Plans by Sea Containers to turn the hotel completely over to offices have been rejected by the Greater London Council.

The U.S.-based shipping and container group, which acquired the T-shaped hotel complex for £9m in August 1978, said last night that it would appeal against the GLC decision to Mr Michael Heseltine, Environment Secretary.

Sea Containers already has planning permission to occupy 150,000 sq ft of the 600,000 sq ft hotel as its own offices. It had been seeking planning permission to turn the remainder of the hotel into offices.

Sea Containers yesterday denied that it had always been the group's intention to turn the hotel, a virtual shell since completion in the mid 1970s, entirely over to offices. "We had hoped to maintain the hotel but this has proved impossible in the current climate for hotels in central London."

The King's Reach site has been dogged by controversy ever since a major hotel and office scheme was first proposed in the late 1960s. Unfortunately the hotel element has never worked and was acquired by Sea Containers after the joint development company established to carry out the scheme, went into receivership in 1976.

Sea Containers is particularly annoyed at the GLC's rejection of its latest plans as these had the support of the local Southwark borough council. A recommendation by Southwark to the GLC planning committee said that a change of use to offices was "the only alternative to the building remaining a shell."

However conservative councillors on the GLC planning committee are understood to have joined with the majority Labour group in rejecting the U.S. group's application. This was understood to have included at least £2m in "planning gain" for Southwark.

A NEW £13m hotel and office development is to go ahead in Reading where London and Edinburgh Investment Trust and Ramada Inns are jointly proposing a 200-bedroom hotel together with 80,000 sq ft of office space.

The office element is to be funded by Civil Aviation Authority Superannuation Scheme. The freehold of the site is owned by Reading Borough Council which has granted the developers a 125-year lease. Goddard and Smith acted for the council while Clive Lewis and Partners represented the pension fund.

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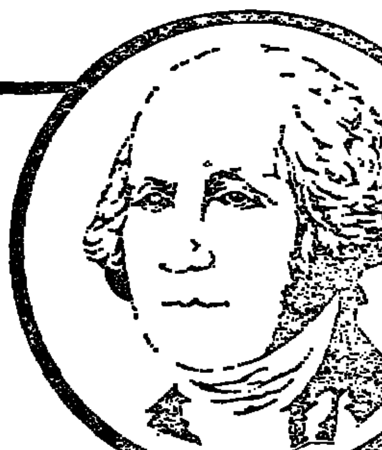

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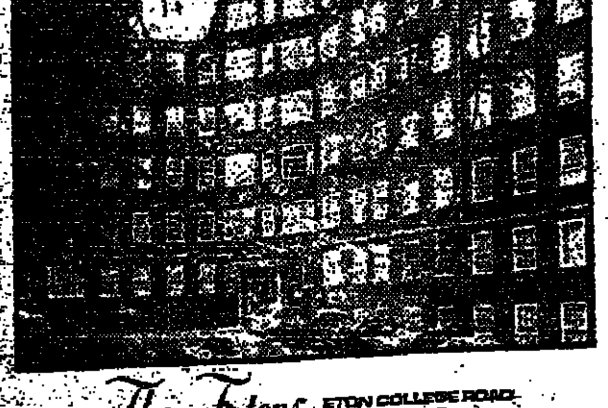

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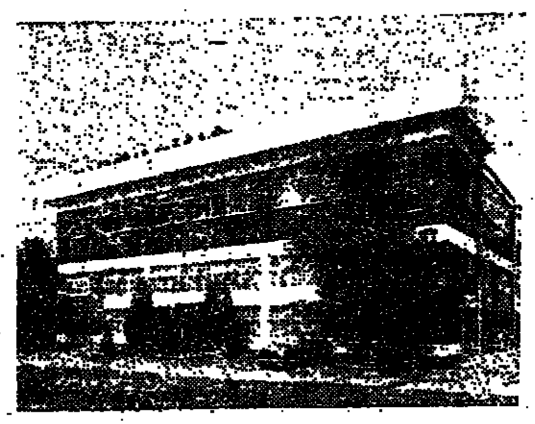

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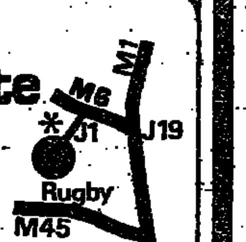

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UK NEWS—LABOUR

School meals staff to get poorer deal says Nupe

BY JOHN LLOYD AND BRIAN GROOM

LOCAL government employers intend to renegotiate the contracts of 300,000 school meals staff with the aim of reducing their holiday and other entitlements substantially, according to Mr Ron Keating, assistant general secretary of the National Union of Public Employees (Nupe).

Mr Keating said in Brighton yesterday that the move to renegotiate the school meals staff contracts, which will come up in talks on a wage claim for the country's 1.1m local authority manualy workers in two weeks time, would concentrate on three main areas.

The employers would want to stop paying the retaining fee of 50 per cent of earnings paid to staff in the 13 weeks' holiday period; to allocate holiday entitlement on a 39-week rather than a 52-week basis and to charge an economic price for meals taken by staff.

At present, 1.46p an hour is deducted from staff pay as a contribution to meals. Mr Keating said: "Clearly this would be a fundamental change in school meals staff conditions and would be strongly resisted. Trade unions don't exist to worsen the conditions of their members."

The employers' side said last night that no firm decisions had yet been taken on renegotiating the contract.

The local authority manual unions — which include the General and Municipal Workers' Union and the Transport and General Workers' Union as well as the public employee'sunion have not yet formulated a wage claim for the manual workers.

But there are growing indications tht unions in the public sector are setting up the first moves in a co-ordinated strategy of opposition to the Government's policy of keeping pay rises to 4 per cent.

Mr Keating said that a strategy based on a common wage claim of around the infltaion rate would be discussed at the meeting of the TUC public services committee next week.

It already has the backing of the TUC Congress, which approved a motion seeking to co-ordinate action against the Government's pay ceiling by unions in the public sector.

Mr Keating said that he thought it possible that such agreement could emerge before the next pay rounds covering workers in local authorities, the health services, the universities and public utilities.

A meeting in London yesterday of more than 100 TGWU delegates representing water, local authority manual and hospital ancillary workers expressed their willingness to take "wholesale industrial action nationally" to fight for pay settlements at least in line with the rate of inflation.

The meeting decided that this year's pay claim should reflect this aim and should seek moves towards a 35-hour week and six weeks' holiday.

Whereas the Nupe and the TGWU are pressing for inflation-linked claims, the General and Municipal Workers Union wants a £16 a week increase in the lowest basic pay—equal to about 27 per cent.

The TGWU like the Nupe is trying to ensure that as many groups as possible are discusing pay shortly after the new year. has 200,000 mebers in the public services.

Yesterday's meeting backed the TGWU executive's decision to support any action taken against the 4 per cent cash limits on pay.

Warning for BL over pay claim

FINANCIAL TIMES REPORTER

BL FACES trouble from its 58,000 car workers if it does not make a reasoned response to a £20-a-week pay claim, warned Mr Grenville Hawley, a leading union negotiator at today's talks in the Midlands.

He said on the eve of joint talks on the union's claim, that if BL did not make a reasoned response "the meeting could be over very quickly. There could be a walkout."

It would then be up to manual shopfloor workers to decide whether to back their leaders with industrial action. In the past three years they have rejected such action and accepted rises of 5 per cent, 5 per cent and 6.8 per cent.

Sir Michael Edwardes, BL chairman, may be considering whether he can risk testing the workers' loyalty to the corporation yet again.

Management has indicated to employees they will have to consider very seriously whether they can afford any increase at all. BL said yesterday: "It would be wrong to say there will be an offer. We can make no comment on whether there will be an offer or not."

Mr Hawley, Transport Union Automotive Group's national secretary, said: "If they start making silly, derisory offers they could further exacerbate the labour force. Such offers would not in our minds lead to a settlement."

The union's £20 claim would put 17.6 per cent on the wages bill, according to BL, which lost £225m in the first half

Sir Michael hopes the workers will recognise BL's position and settle peacefully. Mr Hawley said the claim was justified because workers' purchasing power has been reduced by low rises of the past three years.

He said the workers had increased productivity substantially, co-operated in slimming down the labour force, reduced industrial troubles dramatically and seen that new models were launched on time.

● Production of BL's Triumph Acclaim remained at a standstill today after 700 striking assembly workers voted to continue their stoppage.

The men walked out of the Cowley, Oxford, plant on Wednesday also halting production of Princess models. They are demanding lay-off pay for Tuesday when they were unable to work because of a stoppage by body shop employees protesting over work carried out by the company during last week's holiday.

BL has a policy of not paying men laid off because of internal disputes. The strikers, who held a mass meeting at the plant yesterday have not decided when to meet again. Mr Harold Musgrove, Austin Morris chairman, has said the walkout would not affect the official launch of the Honda-designed Acclaim next week. Production of the Morris Ital is continuing normally.

Institute of directors optimistic on union curbs

By Our Labour Staff

LEADERS of the Institute of Directors, which is seeking tougher trade union curbs than those contained in the Employment Act 1980, said they were "optimistic" yesterday after a meeting with Mr Norman Tebbit, the new Employment Secretary.

Mr Walter Goldsmith, institute director, said that Mr Tebbit "did not rule out any of our proposals."

The Employment Secretary expressed an interest in the idea of making union funds vulnerable to civil actions for damages, and making agreements between employers and unions legally enforceable.

If legislation emerged along these lines it would probably be in addition to the package of measures which was contemplated by Mr Tebbit's successor, Mr James Prior.

P&O unions warn of industrial action

TRADE UNIONS on the threatened P & O Belfast-Liverpool ferry said yesterday that some form of industrial action was almost certain if talks with the Government failed to save the service.

Management and unions at P & O, which says it will end the service on October 12, are to meet Ministers today.

The six unions, which met in London yesterday to decide their position, feel that Mr David Mitchell, Parliamentary Under-Secretary at the Northern Ireland Office, has either been misled or has misunderstood information given to him by the company.

Mr Mitchell said earlier this week that he was sorry talks between management and unions had not resulted in sufficient savings being agreed. The unions say they have met the company's target for savings but that P & O's targets have themselves changed.

Process workers dispute ends

A strike by 111 process workers at British Steel Corporation's Llanwern steel works ended on Wednesday afternoon. Management said the strike, which began on Tuesday, occurred after workers refused to adapt a revised working system.

Civil Service action 'cost more than 15%'

BY BRIAN GROOM, LABOUR STAFF

CIVIL SERVICE unions have claimed that this year's 21-week dispute cost the Government more than if it had paid the full claim for rises of 15 per cent.

The "irrecoverable losses" more than offset any savings achieved by limiting the settlement to 7½ per cent, they said.

The nine-union Council of Civil Service Unions, in an introductory note to the Civil Service pay inquiry chaired by Sir John Megaw, says as an example that the Treasury recently admitted that charges on deferred revenue during the dispute amounted to £190m. This alone would have financed a further 5 per cent increase in pay, the council claims.

The Megaw inquiry was one of the elements in the package which settled the dispute. It also provided for talks on the 1982 pay claim without pre-set cash limits, supported by access to qualified arbitration.

The unions are anxious about next year's talks, however, in the light of the Government's 4 per cent cash limit on pay elsewhere in the public services.

Their submission emphasises resentment at the Government's "abrogation" in the last round of agreed arrangements for determining Civil Service pay—the pay research system of comparability—and its refusal to go to arbitration. This "deeply offended the overwhelming majority of civil servants and provided all the ingredients of major conflict," the council says.

"The only sure way of eliminating industrial action over pay in the Civil Service is to have a stable, orderly and agreed pay system, supported by effective means of conciliation and arbitration."

The unions, which are to submit further evidence, say that the inquiry has a crucial role in devising arrangements which would prevent a recurrence of the 1981 dispute. A system was needed which would withstand short-term considerations.

The Council says that the dispute showed a "depth of determination and a unity of purpose among civil servants that will not be readily dissipated."

Mr William Kendall, secretary general of the council, says in a covering letter to Sir John that he was concerned about the decision to treat evidence submitted to the inquiry as confidential. It would be in everyone's interest if it were published, he said.

Pension chiefs warned of early leavers problems

BY ERIC SHORT

A STERN warning to company pension scheme managers and consultants to tackle decisively the problems of early leavers and to maintain pension values was given yesterday by Mr Ken Thomas, general secretary of the Civil and Public Services' Association and a member of the TUC general council.

He was speaking in London at the annual conference of the Pensions Management Institute. He said company schemes failed to provide adequate revaluation of pensions once they became payable and that they did not treat early leavers fairly compared with employees who stayed in the schemes.

Mr Thomas said that a recent report by the Occupational Pensions Board gave some indications on how to deal with the transfer of pension right so that employees, on changing jobs, did not suffer a loss in respect of their contributions made while with their previous employers.

But he claimed that the general reaction from pension scheme managers and consultants to this growing problem was to make excuses even to the board's modest recommendations.

He accused the pensions industry of showing an inate conservatism to change. Managers were more concerned with the pension scheme asan investment vehicle than as a means of providing a decent income for employees in their retirement.

He warned the audience of pension managers and consultants that, unless their schemes could providea decent pension to everyone—and this would mean radical solutions to the current problems—alternative means of securing pensions would be sought. He added that the alternatives might include an increased role for the state scheme

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Slow pace of oyster farming

BY STEWART DALBY

IF YOU should ever contemplate becoming an oyster farmer in Northern Ireland's Strangford Lough, the first consideration is that there are no longer any there from which to develop stock. The native oyster, or crass austria edulis, last grew naturally in the early 1920s, when a disease wiped it out.

Second, it is debatable whether it would even be worthwhile trying to re-introduce edulis to the Lough. This is a seawater outlet with a narrow mouth. Through this entrance is a vicious tidal rip, which can run up to eight knots. With the strong currents and the relatively cold water, there is not always what is known as a good settlement of "spat" or spawned eggs.

The third consideration is that the edulis, which is the flat type of oyster still found growing naturally in other parts of Ireland such as Cork and Kerry where the water is warmer, has a very long growing cycle—it can be up to seven years.

These offputting considerations have not, however, deterred Mr Jasper Parsons, a zoologist by training and the manager of Cuan Sea Fisheries—probably Northern Ireland's only really large-scale oyster farm. His proposed solution has been to import seed of crass austria gigis, more familiarly known as rock, or Pacific, oysters in the belief that these will be able to withstand conditions in the lough more successfully.

Mr Parsons became involved some years ago when he was working on research into eels for the Ministry of Agriculture. Officials remarked that there was no local oyster industry and wondered why. A pilot scheme was set up, and Guinness was persuaded to come up with *some of the finance.*

The result was Cuan Sea Fisheries, which has been going as a commercial venture for nearly four years.

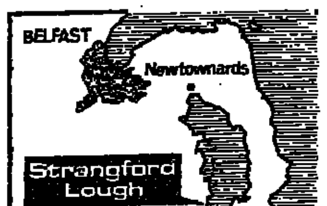
The process starts with Cuan—Cuan is the historic name for Strangford—buying seed from one of two hatcheries in England, usually from Whitstable, Kent.

The advantage of the gigis or Pacific oyster, which is a cupped oyster is that it grows within year. Given the three-year growing cycle, the idea of selling half-grown oysters to other farms, particularly in Scotland and sometimes in Norway, is to keep up cash flow.

Cuan has, within its short life reached the point where it is selling 1m half-grown oysters a year and around 400,000 full-grown ones. The target for full

AROUND BRITAIN

STRANGFORD LOUGH



three years, and it is rather more robust about water temperature than the edulis. Mr. Parsons reckons to buy seeds *about four times a year.*

The oyster seeds are about the size of a match head. They are put onto trays which are stacked 20 deep and suspended from rafts in the beds. These trays, known as Japanese lanterns, since this is the way oysters are grown in Japan, have wooden rims and small wire mesh bottoms. After a while, the growing oysters are transferred to much larger trays which are stacked two deep. The lower tier holds the smaller oysters, the top tier is uncovered and during spring tides is not even covered with water and acts as a lid on the lower tier so that the smaller oysters will not be washed away.

The aim is to sell 1m marketable oysters together with as many half-grown oysters each oysters should therefore, soon be realised. The shortfall is partly a marketing problem and partly that the farm has not *reached its full production* cycle.

The economics of the farm are, ostensibly, simple. The seed is brought in at a penny an oyster. By the time they oysters are fully grown they sell at between 13p and 17p each. (This sound a generous margin until it is remembered what half a dozen oysters cost in a good restaurant.)

On the basis that half-grown oysters *fetch something like 5p,* the gross turnover at full production would be of the order of £300,000. Btween the gross turnover and the apparent cheap price of the seed there are, however, other costs.

Cuan Sea Fisheries now employs *six people. Mr Parsons* reckons that labour comes to 65 per cent of total costs. There are two boats; a factory where the systems are hose blasted and washed and packed; and marketing outlays.

To add to the problems oyster farming is a high-risk business. Stock losses average around 30 per cent, either because the water is too cold, gales blow away some of the growing oysters, the salinity is wrong or there is pollution. Fortunately, there is little industry around Strangford Lough so the pollution danger is small.

Mr Parsons is wary of saying how much Guinness has put into the project, but does admit there has been a grant from the EEC, that there has been substantial bank borrowing and that there has been some aid from the Ministry of Agriculture with capital costs. Even so, it would seem doubtful if the farm has been capitalised at more than £250,000.

The project would seem to be about breaking-even when some of the original start-up costs, like the factory and building one of the boats, have been amortised. When the farm is working at full prodction a *reasonable profit should be seen.*

Mr Parsons eventually wants to go into mussel production and possibly also scallops. He is taking his time however. He points out that there is no shortage of people around the lough who thought that farming oysters was an easy way to make a quick buck. Often they over-extended themselves or, by trying to do the thing cheaply, suffered great losses.

The point about oyster farming is that it is a slow process and in the middle of a recession marketing a commodity like oysters is a painstaking process. Only 15 per cent of production is sold locally. The rest goes through a handful of outlets in Britain. *The hope is to develop* in the Republic. But this all takes time.

RACING

BY DOMINIC WIGAN

Taylor set for Lingfield double

THERE is a break from racing today at Newmarket where a high proportion of the country's leading owners and trainers and their advisers will be concentrating exclusively on the Tattersalls Premier Yearling Sales.

However, few of the country's top jockeys have taken the day off.

Lester Piggott is expected at Lingfield in his pursuit of the Double Century for which he is offered at a now ungenerous 5-2 by William Hill. There, Brian Taylor, the jockey so often mistaken for Piggott in a driving finish, looks to have prospects second to none.

I hope to see Ryan Price's former stable jockey, who has had few major winners since riding Snow Knight to success in the Derby, add to his tally through the Jeremy Hindley pair, Spanish Pool and My Annassar.

Spanish Pool, among the 10 runners for the John Sutcliffe *Trophy (from which 20 were* withdrawn at the final declaration stage) proved a shade disappointing at Doncaster on the opening afternoon of the St Leger meeting.

In the Prince of Wales Nursery, that always hotly contended mile event, Spanish Pool failed to produce the necessary pace close home to get in a blow at either Lobkowiez or Final Strike.

However, he kept on well under strong driving. He will, I suspect, prove a more formidable proposition now

My Annassar, the first foal of that tough Polyfoto mare, My Polyanna, has run well enough *in maiden events at Sandown* and Yarmouth to suggest that she might surprise More Oats in the Hartfield Stakes. She, too, will be well served by pressing conditions which she tackles for the first time.

Turning to the north, Miss Markey — off the course since running a dead race in the Musidora in which she was clearly amiss—will win the Knutsford Fillies Stakes at Haydock provided that all is now well with her.

LINGFIELD
2.00—Faridella
2.30—Tinderella
3.00—Spanish Pool**
3.30—My Annassar*

HAYDOCK
2.00—Miss Markey***
3.00—Summer Path
3.30—Santellas
4.00—Rocky Green

TELEVISION

Chris Dunkley: Tonight's Choice

The most important new series of the week (and, arguably, of the year), starts on BBC-2 tonight: Prisoners Of Conscience is a group of three dramatised documentaries about the abuse of human rights in various parts of the world which will be followed by a single documentary on the same topic.

Even if, like me, you sometimes doubt that television has a fraction of the power attributed to it, the business of one man locking up another or, worse, torturing another for political ends, cries out for all the exposure and publicity television can create. The subjects of the programmes are Russian dissident Vladimir Bukovsky, black South African leader Nelson Mandela and, in tonight's programme, a much less widely-known man named William Beausire.

His was a classic and dreadful case of an innocent man being persecuted for information he did not possess. Son of an English father and a Chilean mother, Beausire was a middle class right winger whose sister lived with the nephew of the deposed president Allende of Chile. In order to discover the whereabouts of this nephew the Chilean secret police contrived Beausire's arrest in Argentina and took him back to Chile where they tortured him. He was last seen alive by his cell-mates in July 1975. The Chileans deny all knowledge of him.

BBC 1

7.05-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London); London and South-East only: Financial Report, News Headlines. 1.00 Pebble Mill at One. 1.45 Chigley. 2.02-3.00 For Schools, Colleges. 3.25 Prydain Fechan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Think! Backwards. 4.35 Heyyy, It's the King (cartoon). 4.55 Crackerjack. 5.35 Willo the Wisp.

5.40 News.
6.00 Nationwide (London and South-East only).
6.22 Nationwide.
7.00 It's a Knockout.
8.15 Rosie.
8.45 Points of View.
9.00 News.
9.25 Knots Landing.
10.15 Face the Music (London and South-East only).
10.45 News Headlines.
10.50 The Late Film: "The Extraordinary Seaman," starring David Niven.

BBC 1 VARIATIONS: Cymru/Wales—12.57-1.00 pm News of Wales. 1.45-2.00 Bys A Bawd. 2.35-2.55 Hwnt Ac Yma. 4.55 Screen Test. 5.20-5.40 Gan Gyfifer. 6.00-6.22 Wales Today. 7.00 Heddiw. 7.15 Deigryn Yn Y Llwch. 7.45-8.15 Piano With Many Strings. 10.15 Western Welsh. 10.45-10.50 News for Wales, National News.

BBC 2

6.40-7.55 am Open University.
9.30 Labour Party Conference.
11.00 Play School.
11.25 Labour Party Conference.
4.50 pm Open University.
6.55 Something Else.
7.40 News Summary.
7.45 Gardeners' World.
8.10 Cartoon Two.
8.15 "I Thought I Was Taller": short history of Mel Brooks.
9.25 Prisoners of Conscience.
10.15 Revolting Women.
10.45 Newsnight.
†11.40 Laurel and Hardy.

LONDON

9.35 am Schools Programmes. 12.00 The Learning Tree. 12.10 pm Once Upon a Time. 12.30 Women Rule OK! 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Taff Acre. 2.00 Houseparty. 2.25 Friday Matinee: "The Call Of The Wild." 4.15 Tweety Pie. 4.20 Storybook International. 4.45 Ad Lib. 5.15 White Light, presented by James Maw.

5.45 News.
6.00 Thames News, with Andrew Gardner and Rita Carter.
6.30 Thames Sport: Derek Thompson and Susan King join forces with Allan Taylor and Simon Reed to reflect the capital's sporting scene.
7.00 The Amazing Spiderman.
8.00 Play Your Cards Right with Bruce Forsyth.
8.30 Kinvig.
9.00 Strangers.
10.00 News.
10.30 Soap.
11.00 Starting Out: an inquiry into London's schools.
†1.45 SWAT.
12.40 am Close: Personal Choice with Shirley Williams.

† Indicates programme in black and white.

All IBA Regions as London except at the following times:—

ANGLIA
1.20 pm Anglia News. 2.25 Friday Matinee: "The Purple Plain," starring Gregory Peck. 5.15 Bygones. 6.00 About Anglia. 8.00 Roots. 8.30 Kinvig. 10.30 Side By Side By Swinfield. 11.00 Anglia Late News. 11.05 Members Only. †11.35 Friday Late Film: "Kiss Tomorrow Goodbye," starring James Cagney. 1.30 am Modern Missionaries.

ATV
1.20 pm ATV News. 2.25 The Bob Hope Matinee. 5.15 Diff'rent Strokes. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 Thriller.

BORDER
1.20 pm Border News. 2.25 Matinee: "Daring Game." 5.15 Bygones. 6.00 Lookaround Friday. 6.30 Enterprise. 8.00 Roots. 8.30 Kinvig. 10.30 Your MP. 11.00 Soap. 11.30 Border News Summary.

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where, and Weather. 2.25 The Friday Matinee. 5.15 Mork and Mindy. 6.00 Channel Report. 6.30 What's On Where. 6.35 The Time Capsule. 8.00 Roots. 8.30 Kinvig. 10.28 Channel Late News. 11.05 Late Night Movie: "Sapphire." 12.40 am News and Weather in French.

GRAMPIAN
9.30 am First Thing. 1.20 pm North News. †2.25 Feature Film: "Our Man in Havana," starring Alec Guinness and Noel Coward. 5.15 Happy Days. 6.00 North Tonight. 8.00 Roots. 8.30 Kinvig. †10.30 Feature Film: "Who Are You?" starring Maurice Ronet. 12.00 Police Surgeon. 12.30 am North Headlines and Road Report.

GRANADA
11.50 am The Bubbles. 1.20 pm Granada Reports. 2.25 Friday Matinee: "Midas Run." 5.15 Survival. 6.00 Granada Reports. 6.30 Kick Off. 8.00 Roots. 8.30 Kinvig. 10.30 Union World. 11.00 Soap. 11.30 The Late Film: "The Reckoning."

HTV
1.20 pm HTV News. 2.25 "Dirty Money," starring Alain Delon. 5.15 Bless Me Father. 6.00 Report West. 6.30 Laverne and Shirley. 10.28 HTV News. 10.30 Report Extra. 11.00 The Late Film: "Murders In The Rue Morgue."

HTV Cymru/Wales—As HTV West except: 10.48-11.03 am Y Byd A'i Bethau. 11.34-11.49 About Wales. 12.00-12.10 pm Ffalabalam. 1.30-2.00 Under Manning. 4.15-4.45 Hal Ym Mhegwn Y De. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

SCOTTISH
1.20 pm News and Road and Weather. 2.25 Friday Matinee: "The Greengage Summer." 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 8.00 Roots. 8.30 Kinvig. 10.30 Late Call. 10.35 That's Hollywood. 11.05 Friday Night Thriller: "The Double Kill."

SOUTHERN
1.20 pm Southern News. 2.25 "Francis Gary Powers: The True Story Of The U-2 Spy Incident." 5.15 Here's Boomer. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 10.35 Wheels. 11.05 "Frankenstein And The Monster From Hell," starring Peter Cushing.

TYNE TEES
9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. 2.25 Friday Matinee: "Colour Me Dead." 5.15 Mickey, Donald, Pluto and Friends. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 8.00 Roots. 8.30 Kinvig. 10.30 North-East News. 10.32 Thriller: "Come Out, Come Out, Wherever You Are." 12.00 Paris By Night. 12.30 am Poet's Corner.

ULSTER
1.20 pm Lunchtime. 2.25 Friday Matinee: "Daring Game." 4.13 Ulster News. 5.15 Survival. 6.00 Good Evening Ulster. 8.00 Roots. 8.30 Kinvig. 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.35 Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "A Love Affair: The Eleanor And Lou Gehrig Story." 5.15 Mork and Mindy. 6.00 Westward Diary. 8.00 Roots. 8.30 Kinvig. 10.32 Westward Late News. 11.05 Friday Late Night Movie: "Sapphire." 12.40 am Faith For Life. 12.45 West Country Weather, Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 12.25 Friday Film Matinee: "Street Corner." 4.70 Cartoon Time. 5.15 Here's Boomer. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar ... 11.00 The Friday Night Film: "Dirty Money."

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable with Frank Partridge. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 4.00 pm David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2
5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 Davis Cup Special from Buenos Aires. 7.00 David Symonds (S) (joining VHF). 8.00 Sequence Time at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 The Grumbleweeds. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: *Frank Martin* (S). 10.00 *Baroque* Sonatas (S). 10.45 BBC Singers (S). 11.20 Jean-Louis Steuermann piano recital (S). 12.15 pm Midday Prom: part 1 (S). 1.00 News. 1.05 Interlude. 1.20 Midday Prom: part 2 (S). 2.05 Beethoven (S). 2.55 Leeds '81 (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 D'Arcy's Farewell to Arcady (S). 7.30 Schumann, Brahms and Mozart Concert: part 1 (S). 8.05 Poetry Now. 8.25 Concert: part 2 (S). 9.20 Flight From Insight. 9.45 Maurice Andre (S). 10.00 Benny Goodman recalls his association with Bartok, Hindemith and Copland, in conversation with Edward Greenfield. 10.30 Bach Cantata (S). 11.00 News. 11.05-11.15 Villa-Lobos (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 Black Heart and White Heart by H. Rider Haggard. 9.00 News. 9.05 Desert Island Discs (S). 9.45 A Sideways Look at . . . . 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Are Reports of Darwin's Death Exaggerated? 11.30 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Letter from the Far West. 4.15 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week. 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 On Rising Before Day. 11.45 Friday Treat. 12.00 News.

TECHNOLOGY

EDITED BY ALAN CANE

IBM helps Canning to a fine finish

BY ALAN CANE

RESEARCH AT IBM's Hursley Laboratories in the UK on advanced computer memories has led, indirectly, to a breakthrough in chromium plating which promises new health and environmental safeguards.

Conventional methods of finishing metals with chromium for decorative effect, or to provide an abrasion resistant surface, have traditionally involved the hexavalent form of the metal, electron hungry and therefore an aggressive, thoroughly unpleasant oxidising material corrosive to living tissue.

It can produce ulcers on the hands and nose of plating workers, and there are suspicions that it causes cancer.

Furthermore, the untreated wastes from chromium plating can have a disastrous effect on aquatic organisms.

So it is hardly surprising that for the past three decades metal finishers have sought an ecologically acceptable alternative.

Trivalent chromium gives a finish which is indistinguishable from the hexavalent sort (to the metal plating novice, at any rate) but it has proved singularly hard to develop commercially.

The problem is tied up with the difficulty of achieving a stable plating solution. Technically, the electrochemistry of trivalent chromium is complex giving rise to slow electron transfer during the plating process, slow formation of metal complexes and rapid breakdown of the newly-formed plating complexes. In other words, not a commercially attractive proposition.

Tony Such: he spotted IBM's patent

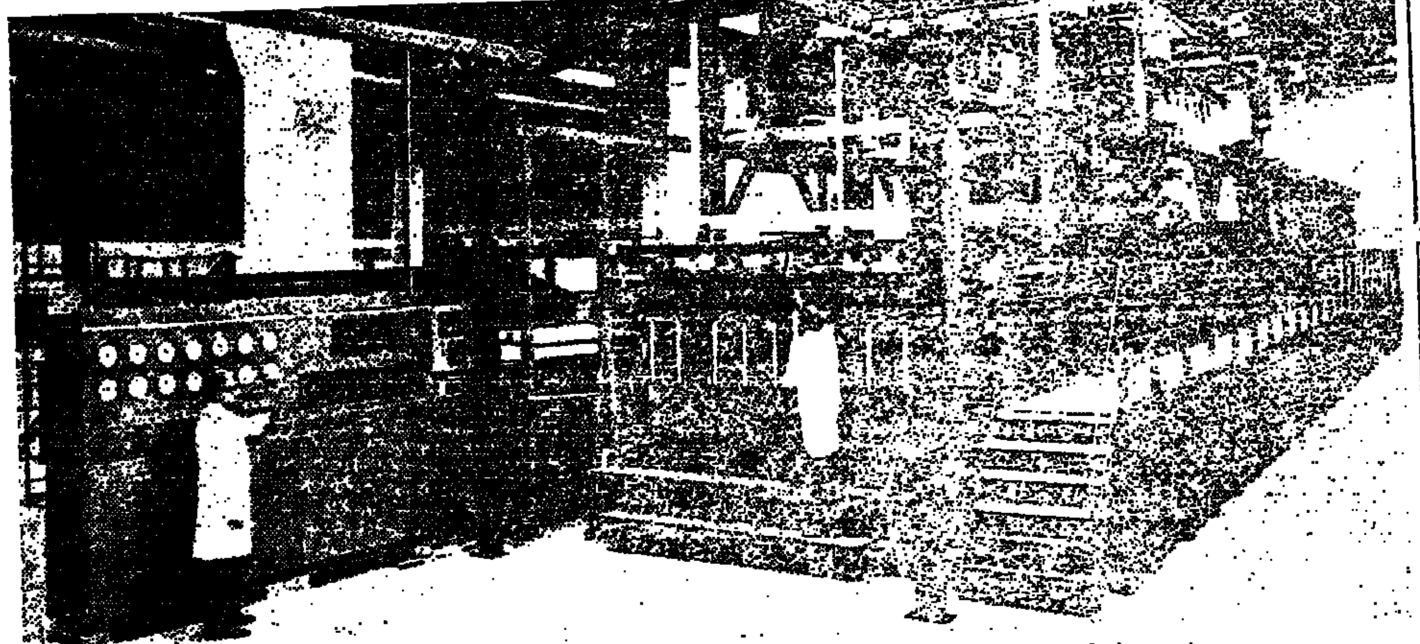
Now Hursley is one of the more important IBM centres for work on high-speed magnetic disk memory; what the IBM researchers, led by Mr Donald Barclay, were after was a mirror-smooth finish that was resistant to corrosion.

What they discovered—and patented—was a solution for plating trivalent chromium. The discovery could have simply lain on a shelf, but for the religious intensity with which Mr Tony Such, technical director of the Canning Materials group, checks the patent literature.

He approached IBM, a joint research project was initiated and the result was a major research paper which claimed:

- The development of a stable electroplating bath for trivalent chromium.
- The elimination of the danger of chlorine evolution (a major hazard in traditional plating).
- The use of an electroplating solution with such a low concentration of chromium that the rinse waters aro no hazard to the environment without purification.

Talks between Canning and IBM are continuing with a view to the launch soon of a commercial version of the project.



Automatic plating of pit props at Dowty Mining Equipment: Canning built the plating system

Environmentally acceptable chromium plating is one of a clutch of developments in metal finishing that Canning is pioneering, intent on sustaining its position among the world's metal finishing specialists.

It provides materials and services to the metal finishing business—it is driven these days by the dual aims of overcoming the environmental hazards of many plating and refinishing processes, and reducing the amount of energy needed for metal finishing.

So, for example, Canning has only recently got into phosphate treatment of metals to prevent corrosion.

The phosphating compound adheres chemically to the surface of the metal forming a sponge-like layer which will hold, say, touch dry oil, and significantly retard corrosion.

Not a new technology; in fact, surely one Canning should have been in years ago. Mr Brian Johnson, deputy managing director of Canning Materials, says: "We wanted to find some positive advantage in going into phosphating. It had to be more than just 'Me too'."

The result was "Canphos" a phosphating process which operates at 35 deg C rather than the customary 180-190 deg C and which does away with the sludgy residues which are the bane of traditional phosphating.

Then there is "Nifoss 80" a process for nickel plating using chemical deposition rather than electrochemical plating. It produces a surface with high corrosion resistance, good wear resistance and hardness.

Furthermore it makes possible the uniform nickel coating of objects of complex shape such as gears and bearings.

Perhaps most spectacular of Canning developments is its "Bondal" process for plating aluminium and its alloys.

Normally it is difficult to get nickel/chromium materials to adhere to aluminium. "Bondal," which Canning has sold to Mitsubishi of Japan, is a surface treatment which produces a film which can be plated directly with nickel, chromium and other metals.

Prepared as a polyethylene sandwich, Mitsubishi uses the technique to produce non-glass mirrors.

The long-term strategy of Canning and its competitors such as Oxymetal Industries, Albright and Wilson and the oil companies is to cut the cost in energy of providing greater durability in consumer goods. As Mr Such puts it: "The finishing industry must make the point to manufacturers of durable goods and to Governments and other policy makers that the deposition of an extra 10 or 20 microns of metal, using relatively little energy or metal, can make their goods even more durable."

Membrain in-circuit tester

LATEST BOARD test system from Membrain is the MB3303S, a hybrid in-circuit tester based on the Data General Nova 4/X minicomputer.

The result is a speed upgrade compared with the MB3303 and many testing procedures can now run three times faster. Software has also been devised that gives virtually complete fault detection programs for use on production, from an easily prepared data set.

Other software can be run before each board test is begun and will eliminate spurious fault diagnosis through bad connections. Membrain claims that this alone speeds throughput considerably and saves the costs incurred in the unnecessary reworking of good boards.

Measuring water toxicity

REPORTED TO be the first commercially available instrument for monitoring acute water toxicity in coloured aqueous samples is Beckman's Microtox 2055 toxicity analyser system.

The company claims it is also the first instrument to utilise luminescent bacteria for determining water toxicity — the assay is simple, reliable and reproducible, requiring only a few millimetres of sample.

Results can be obtained in minutes and correlate with other bioassay techniques requiring days which, says the company, represents a considerable saving in time and money.

Enter the teleputer, all purpose information tool

EARLY LAST year, Rediffusion Computers (then still called Redifon Computers), with the muscle and market base of the television rental business behind it, launched its office revolution.

It was a system that used the company's R5000 computer and large-screen colour television sets with on-board data chips, built-in modem and autodialler. The result was one of the first private viewdata systems, later emulated by others. Rediffusion has sold some 50 systems worth over £4m.

Now the company has moved the concept a little further on with the announcement of its System Alpha, which it describes as "the closest approach yet to the truly all-purpose information tool." It offers viewdata, videotex (the generic description of viewdata-like systems, public or private), personal computing, data interchange with cassette recorders and, in due course, with video discs. If desired, the terminal can also be used simply to watch television. It can also communicate in various formats.

Some or all of these facilities are offered by System Alpha, in five models ranging in price from £750 to over £4,000. The company has even coined a new name for the systems: it calls them "teleputers."

The domestic market for viewdata (that is, UK videotex, otherwise know as Prestel) was, to quote managing director Mike Aldrich, an "ediffice that started to crumble" when it was realised that the market projections were "wildly inaccurate." So for the last year the industry has been turning its attention to the business market, and Rediffusion has been joined by such companies as Honeywell and GEC, both offering private viewdata systems.

Each new announced system is more "convergent" than the last in the sense that it offers facilities that so far have been obtained with separate equipments — personal computing and word processing for example.

Recently the European PTTs have agreed on alphamosaic (words and pictures) standards for videotex. At the same time a number of leading computer companies have announced videotex connectivity for their computers. And so, according to Aldrich, "the scene has now been set for an explosive growth," in these systems.

The basic unit from Rediffusion is Alpha Model 1. It uses a 14-inch colour screen and can be connected by 'phone line into any Prestel or Prestel-compatible private viewdata/videotex system.

Model 1 can use the normal dial-up telephone network, private leased lines, or it can be connected via the switched telephone network into British Telecom's packet switched network. It can also operate with the Prestel Gateway service.

Model 1 has a local page store, a telephone directory that can be updated by the user, an optional printer, choice of keyboards, automatic dialling and an integral modem.

In model 2, off-line local editing has been added for the preparation of pages within private or public systems.

A 64,000 byte personal computing facility is present in the model 3 with local diskette storage, plus unattended automatic access to any number of videotex computers. Two micros are used — an Intel 8035 for videotex telecoms and a Z80 for local processing.

Model 4 has in addition computer controlled video cassette recording for interworking sound, vision and computing as a single system.

The company sees important future uses for such systems, which will allow interactive vision, sound and computing for training applications in many fields.

GEOFFREY CHARLISH

Energy saving nailers

A NEW range of nailers and tackers offer a wide variety of applications throughout a number of industries says British Industrial Fastenings, Gatehouse Road, Aylesbury, Bucks. (0296 81341).

Lightweight tools are particularly aimed at the furniture, caravan and footwear industries, while the medium- and heavy-duty tackers and nailers are suitable in timber house construction, fencing, general heavy joinery, and so on.

Called BIF-Haubold, they are said to be designed to make the most efficient use of energy snf operate on reduced air consumption and within standard working pressures.

Flowmeter resists corrosion

SAID TO be half the price of alternative titanium meters are Litre Meter's corrosion resistant flowmeters in PVDF (polyvinyliden fluoride).

This is a thermoplastic polymer with excellent physical properties resulting from a high level of crystallinity and having a remarkable resistance to chemical attack, heat, abrasion, ageing, and with good fire resistance and non-toxicity. It also resists acids, solutions of salts, aliphatic, aromatic and chlorinated hydrocarbons, alcohols and halogens.

The new units have titanium bearing ring assemblies with PVDF rotors running in all sapphire bearings and viton seals, and the maker says that this material combination is a unique contribution to corrosion resistant flow metering for chemical applications.

More on 0296 20341.

Why a Dutchman went shopping overseas

Charles Batchelor looks at the background to the move by Ahold, an Amsterdam-based grocery chain, away from its saturated home market

HANS VAN MEER, vice-president in charge of foreign operations at Ahold, the Netherlands' largest food retailer, has become used to living out of a suitcase. Van Meer, who is 58, has spent the past few months commuting between Ahold's U.S. subsidiary, the South Carolina-based Bi-Lo group, its chain of Cadadia supermarkets in Spain and the group's extensive operations back home.

The reason for this unsought-after activity could hardly have been foreseen when Ahold decided in the late 1970s that it was starting to outgrow the 14m-strong Dutch market and moved first into Spain and then into the U.S.

Ahold's experiences illustrate the pitfalls of entering unfamiliar markets. When Ahold took over Bi-Lo in 1977 it agreed with its American management that it would respect the retailing customs of the company, which operates in the Carolinas and Georgia.

Alcohol

This meant no Sunday opening and no sales of alcoholic drinks. Ahold accepted these conditions readily enough. But when Bi-Lo's competitors began selling beers and wines the company's own managers called for a change in Bi-Lo's practices. This proved too much for Bi-Lo's president, "a man of very strong principles." He resigned and Van Meer had to step into the breach.

The result is that Van Meer has been regularly spending three weeks a month in the U.S. looking for another chief executive as well as devoting up to a week to the Cadadia—"Everyday"—chain around Madrid. Although a successor in America was found to take over in August, Van Meer's travels continue while the new man finds his feet.

"In the late 1970s we realised we had two choices," says Van Meer. "We could either diversify in Holland or go abroad. At home we faced a slowdown in the rate of population growth in what was anyway a limited market. We currently have about 18 per cent of the Dutch food retailing market. It may not seem high but it gets more and more expensive to add each extra percentage point."

In fact Ahold had already gone some way to diversify out of simply selling foodstuffs. Over the past few years it has expanded into restaurants, industrial catering and holiday bungalow complexes. But these still contributed only Fl 130m ($47m)—or just over 2 per cent—to Ahold's total 1980 turnover of Fl 5.8bn ($2.1bn).

"This increase in 'out of house' eating could not compensate for the slower growth of food retailing," says Van Meer. The growth of turnover of its Dutch supermakets has declined in recent years and only just exceeded the rate of inflation. From 14 per cent growth in 1977 sales rose only 6 per cent in 1978, 8 per cent in 1979 and 9 per cent last year.

Having rejected the option of diversifying ever further from its basic food retailing activities on its home ground, Ahold looked abroad. "We looked at Northern Europe but decided that the retail trade had reached the same degree of sophistication in these countries as in the Netherlands," says Van Meer. "We could not offer them anything new. We would have had to take over an existing business and this would have meant paying extra for goodwill."

It then turned to southern Europe—Italy, Greece and Spain. In Spain it discovered an underdeveloped retail market with few chains even of medium size, all operating on a local basis. This was a market, Ahold's board felt, where the company could offer something new and make use of its expertise and experience.

Ahold began discussions with INI, a government organisation with important industrial holdings, which attempts to stimulate private business investment.

"We had exhaustive discussions but decided our ideas were different. They were only interested if we would be producing profits within two years. We also saw political problems if, say, we cut the price of bread or milk in our stores to increase sales. The Government, under pressure from the small shopkeepers' lobby, might have opposed us."

So Ahold began looking on its own for a potential partner. This option too was finally rejected since, in Van Meer's view, local business lacked the expertise he was looking for. Tax evasion was not uncommon among local businessmen and Ahold had no wish to get involved in this. It decided to start from scratch.

Its search was not helped by the power vacuum which occurred after the death of General Franco. "Life stood still for 18 months," says Van Meer. "For a decision on opening a shop you needed the approval of local, provincial and national officials. The first local officials after Franco were Communists since they were better organised than the Socialists. And yet it was the Communists of all people who backed the local shopkeepers, so we could not get approval to open stores. Now it has become easier."

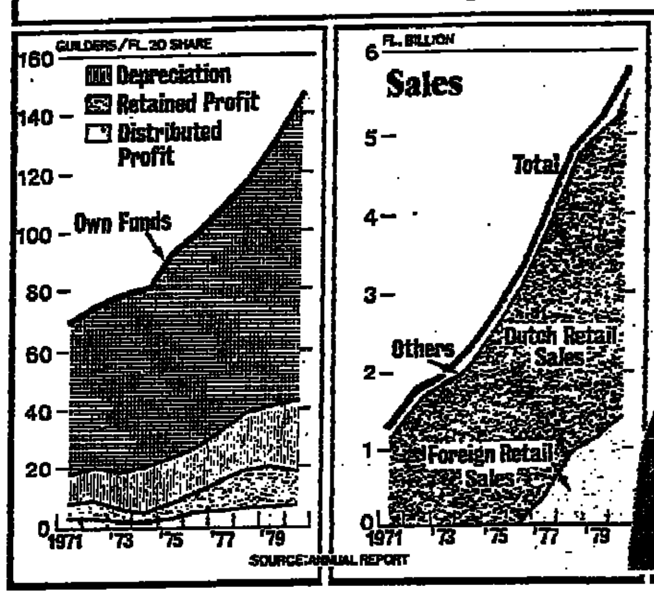
In its search for a manager for Cadadia, Ahold came across a Belgian executive who had been working in Spain for several years, spoke the language fluently and knew the local customs. He now runs the operation with four Spanish departmental heads reporting to him.

Open markets

Ahold last year opened a further 16 stores in the Madrid suburbs taking the total to 26 and it has plans to open another 10 in 1981. It has begun building up its own organisation and has opened a food distribution centre to serve its stores. Turnover of the Cadadia chain rose 131 per cent last year to Fl 53m ($19m) but Ahold does not expect to start making profits until this year.

Progress in Spain has been slower than Van Meer had hoped though he says he is not seriously disappointed. "If you start from scratch in an underdeveloped sector it is difficult to get experienced people." Ahold must also attract into its indoor supermarkets those customers used to shopping in semi-open markets called galerias. Fortunately, not only are shop rents lower in the suburbs, shopping habits are less traditional.

Ahold: Ten Years of Progress



Hans van Meer: looking for a second partner in the U.S. to complement the chain of Bi-Lo stores

Before Ahold opened its first Spanish store in 1977, it decided that Spain was not the complete answer to its desire for foreign expansion. Van Meer, who studied business administration at Harvard and Stanford, looked to the U.S.

Although the retailing sector was sophisticated it was felt that the U.S. offered an enormous market which was both politically and economically stable. "In the U.S. we did not consider for one moment starting from scratch," says Van Meer. "We looked for a company which was big enough but not too big. It had to have growth potential and good management. We searched in the Sunbelt and talked to several companies but finally decided on Bi-Lo."

Was this not doubling the risk at a time when the Spanish venture was still in a very early stage? Van Meer says that the risks were carefully weighed up but Ahold was (and still is) flush with cash so the foreign investments placed no burden on domestic expansion. In 1977 Ahold bought Bi-Lo for Fl 90m of its own money and Fl 60m of borrowed funds.

Bi-Lo increased turnover by 13 per cent last year to $618m from its 117 stores. It plans to add a further 10 stores this year, expanding into Tennessee and other states. Ahold does not reveal profit or loss figures for either Bi-Lo or Cadadia but its annual report described 1980 as "a very satisfactory year" in which its U.S. profits rose more quickly than the food sector average in the south-east of the States—itself a boom area.

Ahold has established a Netherlands Antilles-based foundation to control its subsidiaries in the U.S. and Spain, not it is keen to point out, to achieve a major tax advantage. The aim is not only to retain the national identity of the different companies, which it feels is important, but to make them financially independent. The foundation is empowered to pay a separate dividend to Ahold's shareholders—though no distribution is likely until the money borrowed to fund the purchase of Bi-Lo has been repaid. Ultimately the foundation could raise its own capital market funds, and from the Antilles would have ready access to the dollar market.

The Dutch company now has considerable sums invested in its two foreign areas of operation. Its total foreign commitment is Fl 283m—a quarter of total group investments — of which Fl 212m ($100m) is in the U.S. A quarter of its 22,660 workers are employed abroad.

Van Meer admits that the two foreign markets which have been opened up have required a totally different approach and that opportunities for synergies between the Spanish and U.S. operations are limited. Spain has proved a much longer haul than the U.S. and it seems set to remain a much more modest part of the group's operations.

But both foreign ventures are expanding at a faster rate than the saturated Dutch retail market. Ahold's foreign turnover rose 28 per cent last year—three times as fast as domestic sales—and accounted for 23 per cent of total group turnover. Van Meer is now looking for a second partner in the U.S.—another reason for continuing his nomadic life.

Europe veers away from the norm

Arnold Kransdorff on shifting work patterns

EUROPEAN companies are experimenting to a greater extent than ever before with alternative work patterns for their employees, according to a survey just published.

The new work patterns include flexible working hours, job sharing, a shorter working week and phased retirement. The pressure to do this comes from a number of factors—rising unemployment, the combination of an ageing population and a reduced birthrate, the advent of new labour-saving technologies and worker demands for more leisure.

These conclusions emerge from a study of nearly 900 respondents in 10 West European countries.

According to the survey, almost 60 per cent of the responding companies have instituted flexible working hours, allowing workers to vary, within defined limits, the starting and stopping times of their contracted hours of work.

From home

One in six companies has tried schemes where workers operate from their homes while one in five has tried a shorter working week. As many as 10 per cent of the companies have tried various forms of job sharing where two or more people contract to share the same job.

Every other company had tried out early or late retirement programmes with one in six offering phased retirement plans. This allows older employees progressively to reduce their working time during a run-up period to retirement.

An average of about one in five said they intended to extend their programmes of alternative work schedules but the majority planned to maintain present patterns.

The survey was conducted by International Management, the monthly journal published by McGraw-Hill. It disclosed that French, German, Swedish, Dutch and Swiss companies made the most use of flexible working hours. The UK had the least usage, with few companies planning to change their ways.

Almost 75 per cent of the French companies said they had introduced flexible working hours. None had abandoned the scheme and almost 40 per cent—well over double the 10-country average—said they intended to extend usage.

Belgium, Dutch and UK companies showed the most interest in allowing employees to work from home. German, Swedish and Swiss companies were largely against the concept. Overall, more companies planned to discontinue the experiment than expand it.

While more than a third of all the European companies agreed that new technology would make an increase in home working more likely, few saw this happening in the next decade.

Overall the most popular form of alternative work pattern was part-time; two-thirds of the companies said they either employed or had employed part-time workers. The Netherlands had the highest percentage of companies employing part-time workers while Spanish and Italian companies showed the lowest usage of them.

According to the survey, the tide seems to be turning against part-time workers in the UK. Although four out of five companies had used part-time workers, none of those now employing part-timers intended to do so in the next five years. In addition more than a third—more than three times the 10-country average—said their companies had decreased their proportion of part-timers over the past five years.

Shorter week

The countries to show most interest in job sharing are Sweden, Denmark and the Netherlands. In Sweden more than a third of the companies had tried it and another 10 per cent said they intended to introduce it.

As far as shorter working week schemes are concerned, Belgium, it seems, is ahead of other European countries. More than a third of companies in the area said they had introduced such schemes, against a 10-country average of one in five. A quarter of UK companies had introduced the shorter working week, and an additional one in five companies said they intended to introduce it in the near future.

Putting 9 to 5 Up On The Shelf, available from International Management, McGraw-Hill House, Maidenhead, Berks, UK. Price £10.

Business courses

Management of Quality, London. November 2-5. Fee: £400 (plus VAT) members, £440 (plus VAT) non-members of the Institute of Quality Assurance. Details from The Institute of Quality Assurance, 54 Princes Gate, Exhibition Road, London SW7 2PG.

National Energy Managers' Course, Warwickshire. October 25-30. Fee: £385 (plus VAT). Details from Department of Energy, Thames House South, Millbank, London SW1P 4QJ or British Institute of Management Foundation, Management House, Parker Street, London WC2B 5PT.

Paying People Abroad, London. November 3-5. Fee: £360 (plus VAT). Details from Seminar Coordinator, ORC(UK), Airwork House, 35 Piccadilly, London W1V 9PB.

Management Skills and Techniques for Women in Business, London. October 21-23. Fee: £345 (plus VAT). Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Introduction to the Hardware and Software of Microprocessors, London. October 27-28. Fee: £180. Details from Central Information Services, University of London, Malet Street, London WC1E 7HU.

Quality Circles, London. October 20. Details from The Institution for Mechanical Engineers, 1 Birdcage Walk, Westminster, London, SW1 9JJ.

Food Law: Today's Changes, London. October 21. Fee: £115. Details from Oyez International Business Communications, Norwich House, 11-13 Norwich Street, London EC4A 1AB.

Selling in Nigeria, Maidenhead. October 27-30. Details from The College of Marketing, Moor Hall, Cookham, Maidenhead, Berkshire, SL6 9QH.

Quality Circles — Theory and Practice, Harrogate. October 26. Fee: £90 (plus VAT). Details from David Hutchins Associates, Index House, Ascot, Berkshire SL5 7EU.

Lizzie Romilly, Patrick Ryecart, Charlotte West-Oram and Simon Callow

Duke of York's

The Beastly Beatitudes of Balthazar B

by MICHAEL COVENEY

J. P. Donleavy's own adaptation of his 1968 novel is a curiously vacuous affair. There it sits, alliterative title intact, clumsily crafted around gobbets of glutinous gabble. A tale of two roistering rogues, dabbling in Dublin, lounging in London. Blithe buggers, post-War peacocks. 1946.

I love sinking, while gritting my teeth, into Donleavy's prose until the dialogue begins. Balthazar is a privileged blond prince born in Paris and stumbling through life as a zoology student in Trinity College. His old chum from prep school in England, that magnificent masturbator, Beefy, comes sailing through panelled door in search of sin. At last a clue. Perhaps the point of it all is a platform merely for Simon Callow, sweatily lascivious and nimble-shanked, to turn on a cabaret. This, in fact, is what Callow proceeds to presume.

One of the book's delights is its initial reticence on exact dates. 50 pages, I think, before the two boys are known to be nine. Another 50 before historical period is fixed. Such lovely interludes as Balthazar sleeping with nanny or the chaps belting out precocious abuse in front of clean-minded bicycle-sniffing teachers are fleetingly filled in by Callow in college room. The fling with Fitzdare achieves episodic grandeur through her family setting, the lunch with the General and so on. Here she meekly merges—extremely meekly in Susan Gilmore's underlit presence—with the amorous anaemia of Balthazar B.

Donleavy's hero lives in his prose style, his subtle shifts of third and first persons, the descriptive pointillism of how he and the author views life and Liffey, dirt and Dublin. As Donleavy has found no substitute stage language for Balthazar, Patrick Ryecart succeeds only in perfecting a disappearing act as the show wears on. Blond and beautiful he most certainly is. Interesting never.

The director, Ron Daniels, has little to bite on. Act I has the set-piece of Beefy's smuggled whores evading inquisitive dean and porter. Act II is hopelessly lopsided by the excellent Lally Bowers as Millicent's Ma tracking down eligible son-in-law in a riverside hotel. Not much to cheer about, so the audience decided to go wild at the crude design trick of Doric columns flying out to reveal the potted greenery of foyer foliage.

Back to Callow. He has a field day conjuring the image of a hedonistic overgrown pampered schoolboy staving off creditors and quaffing madeira (a better idea than quaffing the champagne whose corks do not pop—it is that sort of evening) and finally railing against Granny who refuses to die and clamp him in clover.

Liz Da Costa's design requests minor characters to shuffle on through black drapes. Better on the eye are Sue Formston's costumes, brilliantly evoking the period for anyone who cares. Most of the support playing is tedious beyond belief, with the creditable exceptions of Lally Bowers and, right at the end, sensuously superfluous, Lizzie Romilly as the French *au pair* who knows a man when she sees one. That, of course, is not Balthazar. Oh dear. What a shambles, and what a bore.

Wigmore Hall

Songmakers' Almanac

by DOMINIC GILL

Graham Johnson and his irrepressible Songmakers are back again for another season at the Wigmore Hall. I know that I am not alone among admirers of the group in finding that the quantity of pleasure, often substantial, to be had from their evenings is in almost exact inverse proportion to the quantity of verbiage (as opposed to singing) which they contain. Another notable benefit of an Almanac programme mostly or entirely sung is that the less Graham Johnson speaks, the better he plays the piano. This first concert of the season contained not one single spoken word: and it was as a result, an almost unalloyed delight.

The programme was another (the third in the Almanac so far) "Song Palindrome"—an imaginative scheme which compares different pairs of settings of the same texts, but in palindromic sequence, so that no pair is ever set side by side. The mix was, in the best Songmakers tradition, both happy and instructive, and unearthed not a few splendid rarities. Two little settings of Thomas Moore especially, by the English composer Mark Raphael (b.1900), proved worthy companions in their gentle and wholly unassuming fashion to Schumann's pair of Venetian songs from *Myrthen*. Edward Loder's "I heard a brooklet gushing" was a hapless, hopeless double-parody, by Loder of Schubert, and by Longfellow of Muller, in which nothing gelled. But the version of Goethe's "Gretchen" by Matyas Seiber and Louis MacNeice, on the other hand, was a memorable find, touching for its delicate echoes of, perhaps its very unconscious fidelity to, the original.

Ann Murray, the mezzo soloist, took the centre-stage, consistently in her finest voice, sweetly tuned, richly coloured and commanding. Her account of Schumann's "Du bist wie eine Blume" could hardly have been bettered—as indeed Mr Johnson's delivery of the lovely piano epitaph, almost always somehow fudged, but here perfectly gauged. Her delivery of the great Brahms setting from op. 105 of "Immer leiser wird mein Schlummer" was masterly, shaded in breathless half-voice. Adrian Thompson and Richard Jackson, the tenor and baritone, sang their contributions confidently and easily. An extraordinary setting of the Edward ballad, in Herder's German translation, by Carl Loewe so emphasises the famous finale "O" at line-ends that it loses its metrical function entirely and becomes a gasp of horror — weirdest effect, which Brahms in his own magnificent setting understood and avoided.

Cinema

Shouting from the knee

by GEOFF BROWN

The Patriot	**ICA Cinema**
The Diary of a Chambermaid (X)	**Everyman**
A Summer Affair (AA)	**Minema**
Moscow Distrusts Tears (A)	**Cinecenta Panton Street**
Tarzan, the Ape Man (AA)	**Plaza 1**
***Out of the Blue* (X)**	**Gate Notting Hill**

The Patriot, principal attraction of the ICA's Alexander Kluge retrospective (running daily until October 14), must be the only film in history whose narration is spoken by the knee of a dead soldier. The soldier is Corporal Wieland, a casualty in the battle of Stalingrad during the last war, but the thoughts of his knee roam over all German history and culture. Yet the knee isn't the patriot of the title: that is Gabi Teichert (a character first introduced in the omnibus film *Germany in Autumn*) — a teacher so dissatisfied with conventional history lessons that she sets out with a shovel to dig up new material. She also maintains an alchemist's laboratory, drills through old books and swallows the shredded remains. The result: mental confusion, acute indigestion and a dwindling roster of students. This, in short, is a spectacular work of bizarre and fertile imagination, and is *definitely* the week's best buy.

Most leading German directors do not need the ICA to mount their retrospectives: the films of Wim Wenders, Fassbinder and Herzog automatically fall into the laps of British distributors. The complex, thought-provoking films of Kluge, who helped spearhead the German revival in the Sixties, have been less favoured. But then he doesn't exactly court popular success. *The Patriot*, for instance, puts its audience through a visual and aural assault course: two hours of cinematic collage, mixing old and new documentary footage with fictional sequences, all served up with a liberal sprinkling of book illustrations, family snapshots, time-lapse photography — the list is endless. There is also intense, probing talk: the knee talks, Gabi Teichert talks, delegates of the German Social Democratic party meet in conference; a retired Culture Minister solemnly dictates capsule comments on fairy tales viewed in the light of German law.

The net result of this fantastic excursion into Germany's political and cultural past is sometimes bewildering, but rarely boring. Kluge manipulates his film material with skill, humour and visual beauty. Time and again the kaleidoscope throws up the most varied and curious enchantments: shots of a TV delivery man at an army club, deeply embarrassed when the officers serenade him; the time-lapse photography of cities rushing towards night or sunrise. But behind these surface attractions one can feel Kluge digging away like his tenacious heroine, subjecting the whole of his country's turbulent history to a rigorous, caustic and unsettling examination. *The Patriot* demands and deserves all your attention.

★

Foreign films dominate the week: there are also two from France and the Russian *Moscow Distrusts Tears*, which won this year's Oscar for the best foreign-language film. Pride of place must go to Bunuel's quiet but masterly *Journal d'une Femme de Chambre*, now 17 years old and revived in a new print at the Everyman from October 4 to 17; the film can then be seen at the Electric Cinema Club. Jean Renoir made an American version of Octave Mirbeau's novel in 1946, so studio-bound that the action seemed to be happening on a theatrical stage. Bunuel's version is far more supple and insidious in its critique of the upstairs and downstairs worlds of a French provincial household (at the end of the 1920s).

The chambermaid is Jeanne Moreau, who surveys the weird desires and happenings around her with wide-eyed, tight-lipped composure. Within a few seconds of her arrival from Paris, the attention of the camera (and coachman Joseph) is drawn to her shoes, preparing the way for household's senior citizen, who gives her boots called "Roses of the Wind" and strokes them behind closed doors. The master of the house (Michel Piccoli) pursues her more openly, when he is not arguing with his army captain neighbour, who constantly throws refuse over the garden wall. Joseph is a more dangerous oddity—an assaulter of children, with politics somewhat to the right of Genghis Khan. Mirbeau described these characters as a social critic, castigating the corruption that spreads like a disease from master to servant. But Bunuel permeates the material with his own acid iconoclasm, his anarchist delight at seeing bourgeois values ripped apart. The shooting style may be smoothly controlled, but there is ferocity lurking in every scene.

★

Bunuel's film was built to last, but the other foreign imports are already crumbling. The distributors of *Un Moment d'Egarement* (British title, *A Summer Affair*) must have their reasons for bringing out this unappealing trifle by Claude Berri (dated 1977), though I cannot think what the reasons are. Berri's films usually offer conventional material lightly flecked with Gallic charm; the present story of a St Tropez affair between a thumb-sucking teenager and her father's balding best friend has no compensations whatever, and shows the French cinema at its most immature.

At least Vladimir Menshov's *Moscow Distrusts Tears* has the advantage of novelty: films like *Oblomov* and the epic creations of Andrei Tarkovsky often make the long journey from Russia, but we rarely see more humdrum fare. There is added novelty in the sight of the bronzed Rank gongman beating the film in, when expectations demand *Doctor in the House* or *Genevieve*. The story of three girls' changing lives is slackly told and follows conventional patterns. One's attention duly wanders from the love life of a single-parent factory director to the surrounding décor—the cramped Moscow apartment, the gaudy furnishings, the proliferation of reel-to-reel tape recorders dispensing appalling music. But background details are not sufficient to pull audiences through a film two-and-a-half hours long: *Moscow Distrusts Tears* ultimately teaches us to distrust Oscars.

★

Those allergic to subtitles may be happier with John and Bo Derek's *Tarzan, the Ape Man*, where there is very little sensible dialogue in any language. Richard Harris, a grizzled African explorer, keeps repeating his lines with the addition of expletives, while Bo Derek's Jane is too busy swimming topless, fondling a symbolic banana or fearfully chewing her fingers to say anything even once. The film, in fact, sits up and begs to be pilloried. But when the laughter dies down *Tarzan, the Ape Man* will be recognised as one of the authentic curios of our time, and well worth preserving in aspic. The moments of smut are reprehensible, but the film-makers' wholehearted naivety is most beguiling.

If *Tarzan* is a frivolous film to relish, *Out of the Blue* is a worthy film to grin and bear. The climax to this Canadian production, cumbersomely directed by Dennis Hopper, arrives with the teenage heroine's line "There's nothing behind it—it's a punk gesture." My lips are sealed about the gesture in question, but it comes after a particularly sullen and sour examination of the girl's emotionally scarred life (she is played by Linda Manz, urchin star of *Days of Heaven* and *The Wanderers*). Along the way there are insights and memorable images, but the film is so beetle-browed that its perspective seems increasingly distorted and unreal.

Linda Manz

LWT Fellow

Michael Blake Watkins has been appointed the first Fellow in Television Composition at London Weekend Television. He will receive £10,000 over two years, which will be spent part time at the company learning how television uses music. He will be expected to provide an idea for a musical television programme.

The award also covers two commissions for short works for public performance by the London Symphony Orchestra and the London Sinfonietta. The LWT award replaces the general grant it has made to the Greater London Arts Association Young Musicians Scheme since 1969.

ICA

Women's Theatre

by ROSALIND CARNE

The nomadic female spirit makes an ambitious journey in *New Anatomies*, a new play by Timberlake Wertenbaker. Essentially realistic, it concerns the life of Isabella Eberhardt, a woman trammelled by the conventions of her time and class, who left Switzerland for Algeria in 1895. She travelled in Arab male dress, found a kind of freedom in the desert, aspired to become a Sufi, and was drowned in the oasis of Ain Sefra in 1904.

The storey is linear and often complex in its references to her family and friends, and events outside the immediate scope of her experience. When narration takes over from the sharper interpersonal conflicts, the effect can be diffuse and wordy. But the play's thematic trail is fascinating, casting an unusual light on the age in which she lived, and the vulgar orientalism which continues to corrupt the European vision today. Moreover, Ms Wertenbaker reaches successfully beyond historicism, to consider much wider questions of sex and gender.

The scenario ranges from the sands of the Sahara to a salon in Paris. The latter is the setting for an intriguing encounter between a French hostess, two male impersonators, a lesbian journalist in drag and Isabelle herself. The play's principal source, the heroine's journal, is now out of print so I have no idea if the scene is based on fact. However, it works well as the centrepiece on stage, elucidating the title in its exploration of a new breed of woman. It also allows for some snappy exchanges and sharp asides on turn-of-the-century mores.

Out in the desert, the mood is less convincing. Sections have been culled from Arabic poetry, a dangerous experiment with a language pre-eminently untranslatable. The musical rhythms, assonance and alliteration become so much dull rhetoric in English. There is simply too much peace, freedom, emptiness and wisdom in all that sand. The dislocation between the mind of that world, and the mind of western civilisation, is both the core of the drama and its principal weakness.

Three particularly fine performances stand out in this Women's Theatre Group production — from Sandy Maberley, Susan McGoun and Penny O'Connor, each of whom plays several roles. Unfortunately, none of these is central, adding to the sense of an accumulation of exciting ideas around a character who may grab the imagination in theory, but feels disappointingly vague in theatrical reality. The period songs, with stylish lyrics, are by Liz Kean and the director is Nancy Diuguid.

The Ideal Gnome

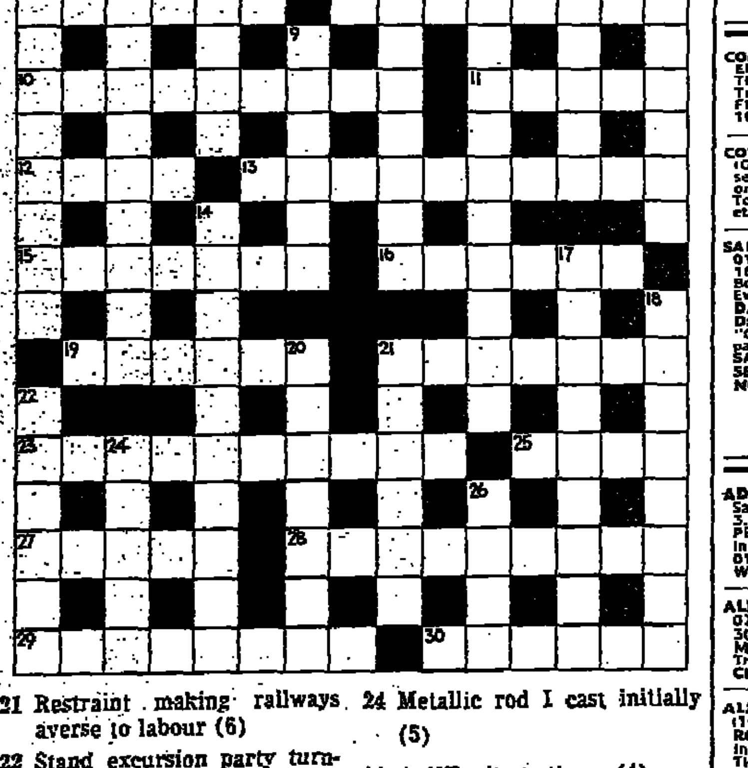
The national children's touring group, Whirligig Theatre, returns to Sadler's Wells Theatre, London, for the third season running, as part of the company's 1981 UK tour for which Clarks, the children's shoemakers, are again providing substantial sponsorship.

Clarks and Whirligig will present David Wood's latest musical play for children, *The Ideal Gnome Expedition*, from October 13-17.

As in previous years, the sponsorship is primarily a grant to enable Whirligig to keep the seat prices low and to provide a small gift for every child in the audience. This year, one of the themes in the play is road safety and each of the 100,000 children it is anticipated will see the show will be given a "Clarks Cat's Eyes" badge.

The Ideal Gnome Expedition will tour until January 1982, beginning next week at Warwick Arts Centre.

F.T. CROSSWORD PUZZLE No. 4,687



ACROSS

1 Aim at high things—a steeple? (6)
4 Slovenly fielder gets the boot (8)
10 Hiding skin complaint in fact (9)
11 Bread and wine (5)
12 A lap to beat (4)
13 Recognised inferior pudding (7, 3)
15 Be at the head with power to abide (7)
16 Knavish Abyssinian prince joining state (6)
19 Rest on distorted muscle (6)
21 Money that is used in club (7)
23 Baby Bunting's shawl confounds family (6, 4)
25 Plant with a pedigree (4)
27 Where good Americans go when they die, wrote Wilde (5)
28 Loan spent outside? That's bright! (9)
29 Reduction of French fold (8)
30 Rotates pointlessly in reverse, but it doesn't move (6)

DOWN

1 Animal to stake and run (8)
2 Advocate changes in plate race (9)
3 Stratagem right to employ (4)
5 Spill a vessel (7)
6 Where Chinamen drink in Herts. town? (7, 3)
7 Sensed right inside the head (5)
8 Excessive fondness spot on time (6)
9 Comb a little wave (6)
14 Wood's type of paper could be a collector's item (5, 5)
17 A ship calling for immediate attention is certainly not sinking (9)
18 Hybrid pear-tree that could be automatic (8)
20 Opposes sisters being upset (7)
21 Restraint making railways averse to labour (6)
22 Stand excursion party turning up (6)
24 Metallic rod I cast initially (5)
26 A difficulty to tie up (4)

Solution to Puzzle No. 4,686

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Interest rates at the IMF

THE RISE in London clearing bank base rates yesterday completed the reversal of two years of progress from the first fierce squeeze imposed by the Thatcher Government. The major cause, it is clear, is the level of interest rates in the U.S., although the slightly belated response by the banks to money market developments may slightly mask the fact; interest rates in the U.S. are easing at the moment and sterling has been somewhat stronger.

The British business community, then, will have only one quarrel with the Chancellor's remarks at the IMF in Washington, when he pointed out that interest rates were bearing an excessive share of the burden of deflation in the U.S.; he should have pitched it stronger.

Official policy

Sir Geoffrey Howe was echoing what has now become the official IMF line: M Jacques de Larosiere, the managing director, pointed out that fiscal deficits have been rising strongly as a proportion of GDP in most developed countries in the past eight years. This rise in government credit demand at a time when official policy in all countries is striving to limit the growth of total money and credit is a strong reason for the steep rise in real interest rates world-wide, he argued.

In principle we strongly support the underlying message; a contradiction of this kind between fiscal and monetary objectives simply transfers the squeeze to the private sector. At the same time, the argument can be a dangerous one if stated in over-simplified terms. One reason for the rise in government borrowing has been the worldwide recession — though this is much less true of the U.S. than of other countries.

Recession does not only reduce government revenues and drive up welfare outlays; it also tends, in its early stages, to provoke a rise in non-government credit demand, as company revenues fall short of expectations. On a world scale, it has a similar effect in credit-hungry national economies in the developing world, as commodity prices fall and the debt-service burden rises. High interest rates themselves compound these effects. A deflation can therefore produce what appear to be inflationary financial results, driving the authorities to renewed efforts.

For all these reasons interest rates, like other financial market prices, tend to overshoot in an unstable world. If these effects are to be avoided, something more subtle than an effort to balance fiscal and monetary policy will be required. A careful choice between the widely differing measures of monetary growth, and perhaps a wider use of credit indexed in real terms, may be required.

To say this, however, is to list a set of problems rather than a set of solutions; we are all of us simply groping for a path back to stability. In Britain, as a result of the Civil Service strike, we are groping in an almost impenetrable fog of ignorance, and have been driven to adopt a de facto exchange rate objective in the absence of any other reliable monetary figure. The question which the Chancellor did not raise, and which could perhaps be faced, is how far this is a sensible approach at a time like this. It is only of limited comfort, as we follow in the wake of U.S. policy actions, to say that the policy is mistaken. We are powerless to change it.

An alternative does exist. The U.S. authorities have no exchange rate objective, and refuse to intervene in the currency markets; the worldwide influence of dollar rates is a result of the fact that other countries do have an objective for their own exchange rates against the dollar. This became apparent during the summer, when West Germany and her EMS partners became worried about the secondary oil shock resulting from dollar appreciation.

Objective

This choice was no doubt taken in the hope that the peak in U.S. interest rates would be brief; but it is now becoming clear that the policy of keeping up with the dollar has its own heavy cost. The alternative is to follow purely domestic credit control objectives, and to allow the dollar to overshoot, as sterling overshot last year due to a similar policy imbalance. We can have a policy for domestic credit conditions, or for the dollar exchange rate, but not both.

This is not an option which is open to Britain independently at the moment, because of the lack of reliable information about domestic conditions, but it is still a topic which could and should be raised for discussion with other non-dollar countries.

First steps to a fish policy

THE FISHERIES agreements hammered out earlier this week by the Council of Ministers in Brussels represents an important step towards a fully fledged European Community fishing policy. The biggest and most contentious issues in such a policy still remain to be tackled, but the fact that, after so many years of haggling and mutual recrimination, the log-jam has been broken, has a political and psychological value all of its own.

Anglo-German relations, in particular, have been soured by the long-running dispute; the atmosphere should be much improved now that the way has been opened, by the intra-EEC agreement, for the German deep-sea fleet to catch fish in Canadian waters.

System

From the point of view of the British fishing industry, the most important element in the Brussels package is that in future the Community price support system should work more effectively, largely by ensuring that imports from outside the Community do not come in below the reference price. Since their complaints were mainly directed at cheap import from Canada, there were the ingredients for a three-way deal: Canada will benefit by receiving a tariff preference on its fish exports to the Community.

Also, the agreement has opened the door to a renewal of the rather modest Community programme for building and modernising fishing vessels, much of which is likely to be channelled to Britain, Italy and Ireland. More important still, the conservation programme, which includes such measures as minimum mesh sizes, but which would otherwise have expired by the end of this month, has now been adopted on a permanent basis and should help to ensure that overfishing in Britain's traditional fishing grounds will be prevented.

Naturally, the improved price stabilisation arrangements exact a certain cost and as usual when two or three European Agriculture Ministers get together, that cost has to be borne by the consumer or foreign suppliers or both. As a matter of principle, this is regrettable and it is particularly regrettable that producer interests should once again be given preference over those of consumers, at a time when all governments talk so loudly about the need to fight inflation..

But at least in this case the price support arrangements will not lead to the accumulation of a fish mountain or a massive increase in costs on the Community budget. If, in spite of the barriers against cheap imports, market prices should nevertheless fall substantially below the reference level, fishermen will be required either to dump their catches back in the sea or sell them for fishmeal at a "withdrawal" price.

This week's agreement has raised some hopes that the remaining elements in a common fishing policy might be hammered out before the end of this year. That would seem to be a tall order, since it would imply agreement on three very difficult questions: the size of the total allowable catch in Community waters, the national quotas to be allocated to each of the member states and the vexed question whether the 12-mile zones should remain exclusively national fishing grounds after the end of next year.

Achievement

Since Britain has "contributed" a disproportionately large share of the valuable fishing grounds in the North Sea, the UK will be after a correspondingly large quota, but that will not be easy to secure. In any case, it is still uncertain whether all the member states really want a common fishing policy.

But it is something for the Council of Ministers to have got even this far and that is in itself a significant achievement for the British Presidency. It will be much more significant if, in the three months of that Presidency remaining, Britain can secure some real progress in the reform of the common agricultural policy in general and in the budgetary rules in particular. Then there really would be something to be pleased about.

POLITICS TODAY

The old alliance revives

By Malcolm Rutherford in Brighton

On Sunday September 27, 1981, Mr Tony Benn was elected deputy leader of the Labour Party by a small majority. Two days later, in the elections to the party's National Executive Committee, all Mr Benn's supporters retained their seats, despite previous predictions from the unions that there was about to be a swing to the right.

On the Thursday, the Party conference voted to amend the Party constitution in such a way as to give the NEC the final say in the drafting of the party's general election manifesto. From then on, the realignment of British politics became unavoidable.

AS everybody must know by now, none of those things came to pass. For the first time for many years, the advances of the left were checked. Indeed, one of the main talking-points in Brighton this week was whether Mrs Shirley Williams would have left the party, if all this had started to happen last year.

All those promises that the trades unions would come to the aid of the party leadership were eventually fulfilled, even if at times it was a desperately close-run thing, where the outcome depended more on chance than design.

Mr Denis Healey retained his position as deputy leader by less than 1 percentage point, saved not so much by the unions as by 30 or so left-wing MPs, who abstained on the second ballot, rather than vote for Mr Benn.

It was in the elections to the NEC that the right wing unions came into their own, securing five changes in the 29-member executive. Together, the changes represent a substantial shift away from the far left.

Peak point for Tony Benn

The old Labour Party is thus back in business. That means that there is again an alliance between the party leadership and the unions, under which the leadership can more or less rely on the unions to use their block votes to oppose some of the most radical proposals coming from the constituency parties and the forces of Mr Benn.

The alliance is still precarious. Nothing could better exemplify that than the events of yesterday morning, when conference voted—against the wishes of Mr Michael Foot, the party leader, to give control of the manifesto to the NEC. The decision was reversed, when the shop workers' union was persuaded, through the customary processes of consultation, lasting perhaps 15 minutes, to change its mind. But you could say that the shift in itself was a sign that the alliance has been re-established.

Will the alliance hold and what will the forces of Mr Benn do next? My own guess is that Mr Benn's position in the party hierarchy peaked when he came so close to winning the deputy leadership on Sunday. It is unlikely that he will stand for the same post next year, as he would be entitled to do, and improbable that he will stand in the elections to the shadow Cabinet next month.

By running again for the deputy leadership, he would be open more than ever to the charge that he was splitting the party at a time when it should be preparing for the next general election. He would almost certainly do less well than he did on Sunday. The rational assumption, of which Mr Benn is also capable, must be that he will decline to stand.

If he runs for the Shadow Cabinet, without giving a promise of respecting its decisions, he would run the high risk of being ignominiously defeated by the Parliamentary Party. Reason again advises that it would be prudent to stay out of that particular battle.

All that, however, is only a change of tactics. We have Mr Benn's own word for it—at the Tribune rally on Wednesday evening—that he will continue the fight by other means. He despairs of the Parliamentary Party and of the shadow Cabinet because he believes that they are unwilling to accept conference decisions. Thus, his campaign will be directed outside Parliament.

He wants to go on mobilising or "politicising" the unions, the women's movement, and any other group that he can find that may be in favour of radical left-wing change, and to use next year's conference to press for the policies in which he believes.

Here Mr Benn is on quite firm ground. For any gains made by the centre and right in Brighton this week were limited to preventing his supporters from further taking over control of the party machine and procedures. The policies of the Labour Party continue to move steadily to the left.

One of the reasons why the Brighton conference was a relatively subdued affair—certainly compared to the fisticuffs and orchestrated demonstrations of Blackpool last year—was that policy isues were conceded to the Left almost by default. There was no David Owen, Bill Rodgers or Shirley Williams to stand up and be hissed, while putting another case. Mr Brynmor John, the Party's defence spokesman, would have been booed if he had been called to speak, but, perhaps, it was tactful of the conference chairman, Mr Alex Kitson, to overlook him.

The party is thus more than ever committed to unilateral nuclear disarmament, to withdraw from the Common Market, and to an economic policy which appears to be based on the premise that there is no such thing as inflation or that, if there is, it does not matter.

If those on the centre and right really believe that they won such a victory this week, their next task is to start changing party policies. They will also have to take into account the fact that on some issues—Europe and nuclear weapons—Mr Foot's views are not all that different from those of Mr Benn.

There is again a central flaw in the alliance between the unions and the party leadership. Mr Foot and the bulk of his colleagues believe that an incomes policy is essential. The unions reject it. It will not be easy to go on cementing an alliance based on such a fundamental disagreement.

Photographs by Terry Kirk and Glyn Genin

Mr Benn has lost the battle for office but he may continue to win the battle on policy

Mr Healey has always said that the first priority was to secure changes in the membership of the NEC. Policy changes could come later—in the two-year run-up to the general election—with the election manifesto being written only in the circumstances, as yet unforeseeable, of the time.

So far, he has been vindicated. But no one should underestimate the possibility that Mr Benn, having lost the battle for office, will continue to win the battle on policy, through capturing the party conference. The fight back of the Parliamentary leadership in alliance with the unions has only just begun, and contains a lot of internal divisions.

There is a much deeper question of what an alliance between a political party and the trades unions is worth. Reliance on the block vote does not look a very attractive, still less a democratic way of conducting affairs. It is the Labour Party reverting to its past. As a temporary solution, it has served, but one wonders about the future.

Mr Benn thinks that he can spend the next union conference season, starting in the spring, politicising union members. The evidence of opinion polls suggests that union members are much like the population in general, of which of course they are part; the bulk of them do not want radical change.

But if Mr Benn is to be defeated, it will need more than the mobilisation of the block vote. The unions will have to become more democratic, and Mr Benn will have to be refuted on policy grounds.

One of the curiosities about his campaign all along has been the general reluctance to tackle him on the basis of his own arguments.

Mr Benn says that the possession of nuclear weapons has not led to the Soviet Union having entirely its own way in Afghanistan; the Afghans are fighting back, just as he would don his tin hat and fight back, if the Russians invaded Britain. No one points out that it cannot be entirely desirable to be invaded in the first place, or that there is no validity whatsoever in the comparisons between Afghanistan and Britain.

Mr Benn says that the Russians have not invaded Poland, ignoring the fact that they did invade Hungary and Czechoslovakia, and that the invasion of Poland may be to come. He appears to see no difference in the conditions between East and West Germany. Such is the present state of the Labour Party that he is allowed to get away with intellectual nonsense. He claims to have won the argument and no one contradicts him.

Yet, there is a kind of creeping internationalism in the party. Labour has caught up with the fact that M Mitterrand won a socialist victory in France. Mr Foot now plays up his contacts with the Socialist International, including the French. There is thus a possible way out of unilateral nuclear disarmament by relying on a European socialist approach to arms control, and maybe even a European socialist approach to British membership of the Common Market.

The Labour Party's interest in what is happening in Europe has been one of the few new strands in the conference. It will be enhanced if the socialists win the election in Greece in two weeks' time.

The other item of note is the way Mr Foot is building his own base. He encouraged Mr John Silkin to stand as the third candidate in the election for the deputy leadership, and it was Mr Silkin's candidature which enabled part of the Left to find an excuse for abstaining on the second ballot, thus keeping out Mr Benn.

Basis of new Labour Left

Mr Foot himself did not vote in either. Here is a basis of a new Labour Left united around Mr Foot.

The conference ends today with the party in considerably better shape than could have been expected this time last week, even if few of the basic problems have been resolved. For the first time in the brief history of the Social Democrats, Labour has staged something of a comeback and may well win the by-election in Croydon North West on October 22 — that would be a boost to morale, if ever there was one.

As for the general election, it was always conceivable that Labour would win, even under Mr Benn, depending on what happens to the economy and the other parties between now and then, as well as the vagaries of the British electoral system. Brighton suggests that their prospects have improved substantially.

Men & Matters

Brief lives

Browsing through the new volume of the Dictionary of National Biography may be an expensive pastime — it costs £40 — but what memories it recalls.

Where are the characters in public life now to delight the newspaper diarist with the idiosyncracies of the generation that died in the 1960s?

Sir Thomas Beecham, strolling down Piccadilly on a warm evening, hailing a cab to carry his overcoat and ordering the driver: "Follow me."

A melancholy E. M. Forster complaining: "I warmed both hands before the fire of life. And put it out." Billy Smart riding an elephant through Mayfair and parking it at a meter before inserting a shilling. Egyptologist Margaret Murray casting a (successful) spell over a simmering saucepan in the Institute of Archaeology.

The Oxford University Press obituaries bring them all vividly back to life from writers like Evelyn Waugh, sending his children back to school with holiday reports, to war heroes like New Zealand's General "Tiny" Freyberg. New Zealand troops did not seem to salute much, Montgomery observed when he took command of the Eighth Army. "If you wave to them, they'll wave back," Freyberg replied diffidently.

Double measure

I am surprised that compilers of the General Household Survey managed to make any sense at all out of responses to Britain's first survey on "cohabitation," given the blankets of coyness which muffled the questions.

"Before you and your husband actually got married, did you live together as man and wife, or not?" asks the latterday inquisitor, shuffling her feet under the table though her face preserves an air of unconcerned calm. Understandably "women may have variously interpreted 'living together as man and wife,'" but with a nod and a wink and a nervous laugh the message evidently got through, and the picture emerges.

Of the 1979 sample, 3 per cent of women aged between 18 and 49 "indicated that they were cohabiting." From this, we may deduce that "all the 162 cohabiting women therefore said that they were living together with someone as man and wife," which sounds a fairly demanding sort of domestic arrangement. But if you do go in for that sort of thing with a view to tying the knot later on, you may be reassured to know that "there was no difference in the length of time a couple lived together before first marriage between those marriages which were continuing and those which had broken down."

Alphabet coup

If anybody out there is trying to compile a slim volume entitled "Robert Muldoon, a study in good humour," I must warn you that it is getting slimmer by the minute. The man who said of the Nigerian head of state that "I would be inclined to suggest he find himself a good taxidermist," has now taken to using the term "ratbag" to journalists who have failed to win his affection.

The Nigerians, whose criticism of the Springbok tour led to the elegant variant on "get stuffed," were upset again at the Commonwealth conference yesterday. Delegates to Commonwealth meetings are usually arranged around the table in an alphabetical zig-zag, so that your alphabetical neighbour sits across the table from you. That would appear to demand that New Zealand and Nigeria would be placed next to one another.

What happened in practice was that the name plates were juggled about, to leave the New Zealanders flanked by Malta and Papua New Guinea. The Nigerians were furious. Not at Muldoon, but at the suggestion that they would deign to ask to be moved away. 'Does an elephant flee a gnat?" commented somebody whom I must for diplomatic reasons describe as "one African source."

Bear facts

Who knows what dark forces drove the stock market into its Dionysian frenzy of panic selling and panic buying this week, when the Lord of Misrule took over the jobbers' pitches ably assisted by LBC news radio and the money-market rate?

Jeffery knows, that's who. And in the Jeffery letter, Volume 1, Number XIV, the analysis is spelt out in straightforward Nietzchean genetics.

"Extremes in the market's cycle necessarily involve total abandonment of logic as the emotions of hope or fear take over. "Man"—that's you—"is a goal-seeking animal. The evolutionary drives that created the species have 'programmed' it genetically to continue entertaining visions of a more gratifying future. Simultaneously, however, the institutions which have been able to achieve control of broad segments of the populace have learned that man can be manipulated most readily when his basic nature is undermined and perverted. Feelings of guilt and inadequacy have been drubbed so deeply into the human psyche that the goal seeker vacillates precariously between wishing to elevate his position in life and sowing the seeds of his own destruction."

Sounds familiar, goal-seeker? read on.

"At both extremes in the resultant cycle of elation and despair, hormonal narcosis takes over and intensifies the anticipatory process. At a cyclical top, accordingly, fantasies concerning the potential extent of the preceeding advance (sic) run riot, whereas at a bottom there is mounting anticipation of total oblivion."

I wonder whether the Council of the Stock Exchange could be prevailed upon to include a hormonal narcosis count in the Daily List? Don't leave home without it.

Rolling stock

"The company does not trade at a profit and it is not anticipated that it will do so at any time in the immediately foreseeable future. The nature of the company's operations are speculative and depend entirely on the ability of the company during the next few years to obtain the considerable amounts of capital required to achieve its objects."

Who but a group of railway enthusiasts would have enough optimism to come to the market in search of £200,000 with a prospectus like that?

Peak Rail put its loan stock issue on public offer yesterday in the first stage of its bid to re-open the 18 miles of railway between Matlock and Buxton in Derbyshire for passenger, freight and tourist traffic.

It is probably the most ambitious private railway project since the days of the pioneers. Track will have to be relaid along the entire route, near-derelict stations rebuilt, and bridges and tunnels repaired.

In the past five years, volunteers have restored Matlock's station buildings, established a rail centre at Buxton, and begun the renovation of the first of five old steam engines. "We now need to move up a gear, to raise the capital to make faster progress," says Paul Tomlinson, the local government officer who is Peak Rail's chairman.

"When we set out, we were under no illusions about the enormity of the task," he says. Complete restoration of the line and the introduction of regular services could take five years and cost up to £1.5m. "But we want to create a real railway."

Observer

JAPANESE ECONOMY

The problems of success

By Charles Smith, Far East Editor in Tokyo

FOR A nation which has become associated in most people's minds with ruthless economic efficiency Japan has got itself into a remarkably awkward situation.

The Japanese, in advance of almost all their partners and rivals in the West, would seem to have dealt with the inflationary problems caused by the 1979 oil shock, as well as to have solved the balance of payments difficulties caused by higher oil prices. Having chalked up these two achievements in record time, however, the Government is failing to make the domestic economy grow.

Its failure, already apparent from economic indicators released during the past couple of months, will be dramatised today when the cabinet approves an economic package which will not, in fact, contain any measures calculated to stimulate overall demand—though it may hold some hopes for individual depressed sectors of the economy.

Why Japan should have coped so successfully with the external challenge of the 1979 crisis while failing in the apparently simple job of getting its consumers to consume in 1981 is a puzzle which may well baffle those trying to manage inflation ridden western economies. The short answer—as the Governor of the Bank of Japan, Mr Haruo Maekawa, pointed out in a recent lecture—is that oil crises inflict deflation as well as inflation on their victims and Japan's particular set of skills are more suited for dealing with the latter than the former.

The story of how Japan—reputedly the world's most energy deficient major nation—managed to restore equilibrium to its balance of payments and stability to its price index within 18 months of the doubling of world oil prices is already well known. What may be less familiar are three major achievements which lay behind the spectacular improvement in economic indices.

Japan's industrial workers accepted an across the board wage award in the spring of 1980 which meant negative "real" wage increases during much of the following 12 months. While working for less, Japanese workers also produced more: industrial productivity in the first half of 1980 rose by 12.8 per cent from the previous year's level, compared with a 1.8 per cent improvement during the same six months in the U.S. Lastly, and perhaps most important of all, Japan established itself as winner during 1980 in the art of producing more goods with a smaller input of energy.

Japan had been averaging a 0.6 per cent rise in energy consumption for every 1 per cent of GNP growth in the years immediately preceding the 1979 oil crisis (before the first oil crisis its energy input was, of course, much higher). In 1980 it recorded the extraordinary achievement of reducing energy consumption by 0.49 per cent for each additional 1 per cent of GNP.

Energy saving achievement

The Japanese achievement in saving energy reflects a shift in the industrial structure of the country from high to low energy consuming industries as well as striking falls in consumption by individual industries (steel for example). As a result, what should have been a 50 per cent increase in Japan's oil import bill in 1980 actually worked out at a rise of 35 per cent while in volume terms oil imports fell as much as 10 per cent from the previous year.

Japan's oil saving and productivity boosting exploits help to explain why the country's wholesale price index went from a year-to-year increase of 24 per cent to a fall of 0.5 per cent between April 1980 and April 1981. They are also among the main reasons for a cut in the balance of payments deficit from more than $2.5bn per month in the spring of 1980 to less than $1bn a year later. Combined with a growth rate of 3.8 per cent in the Gross National Product for the fiscal year ending March 1981, all this seems to add up to a miraculously rapid recovery from what had promised to be the crippling blow of the 1979 oil crisis.

The snag was that—as in the aftermath of the 1973 oil crisis—Japan could never have achieved what it did without the involuntary support of much less successful countries in Europe and North America.

Japan's GNP grew in 1980 not primarily, or indeed to any appreciable extent, as a result of domestic demand (although the domestic sector of the economy accounts for a larger share of GNP than is the case with many western European countries), but because it had been possible to engineer an export boom to coincide with a sharp cutback in the volume of imports. The export boom meant widening trade surpluses with Europe and America (in the case of the EEC to a trade gap of $8.8bn in calendar year 1980 compared with the previous year's $5.1bn). This in turn raised the familiar (though in the months immediately following the oil crisis, briefly forgotten) spectre of a trade war between Japan and its western trade partners.

The reaction of Japanese economic planners to charges that Japan had solved the economic problems facing it at the beginning of 1980 by creating problems for others was to announce (in December last year) that economic growth would henceforward be domestically oriented. In its 1981 economic outline the Economic Planning Agency (EPA) chose a figure of 5.3 per cent for real growth in the 12-month period running from April 1981 to March 1982 and said that approximately three-quarters of this would come from the domestic sector, leaving a modest one-quarter to be contributed by exports. The EPA also said that a $6bn deficit was "inevitable" for the new fiscal year.

The EPA's prescription for a more balanced and acceptable Japanese economic performance began to look unconvincing as soon as the the new fiscal year got under way. Far from showing any signs of the modest deficit that had been forecast, Japan's current account swung decisively into surplus from June onwards. Meanwhile the recovery in domestic demand that had been counted on to keep GNP growing simply failed to materialise.

As a result of barely perceptible increases in consumer spending, "disappointing" capital investment by industry and a sharp fall in housing expenditure the domestic sector contributed only 0.3 per cent to total economic growth in the first quarter of the fiscal year (April to June) while the external sector pulled exactly three times as much weight (0.9 per cent). This was precisely the reverse of what the planners had expected.

Getting back on course however looks like being extremely difficult, given that neither of the two main policy instruments which would normally be used to reflate demand are in fact available for use by the authorities.

Instrument number one—the use of deficit financed public works spending to stimulate demand in some key industries—is out of reach for the very simple reason that Japan's budget deficit is already far too large (as a result of pump-priming expenditure in the mid-1970s on the last occasion when Japan came under western pressure to reflate its economy). Instrument number two — a further cut in the Bank of Japan's discount rate—has been advocated by some expansion-minded officials and businessmen (including, privately, the Director General of the Economic Planning Agency, Mr Toshio Komoto). The trouble is however that a two-digit gap already exists between Japanese and American short-term rates.

The gap is blamed for the fact that the yen's foreign exchange market value (of around one dollar equals Y232) seriously understates its real value and thus makes Japan's exports to the U.S. even more competitive than they would normally be. To reduce short-term interest rates—and weaken the yen further—hardly seems to be the recipe for reducing frictions between Japan and its trading partners—even if it might, incidentally, help to stimulate demand.

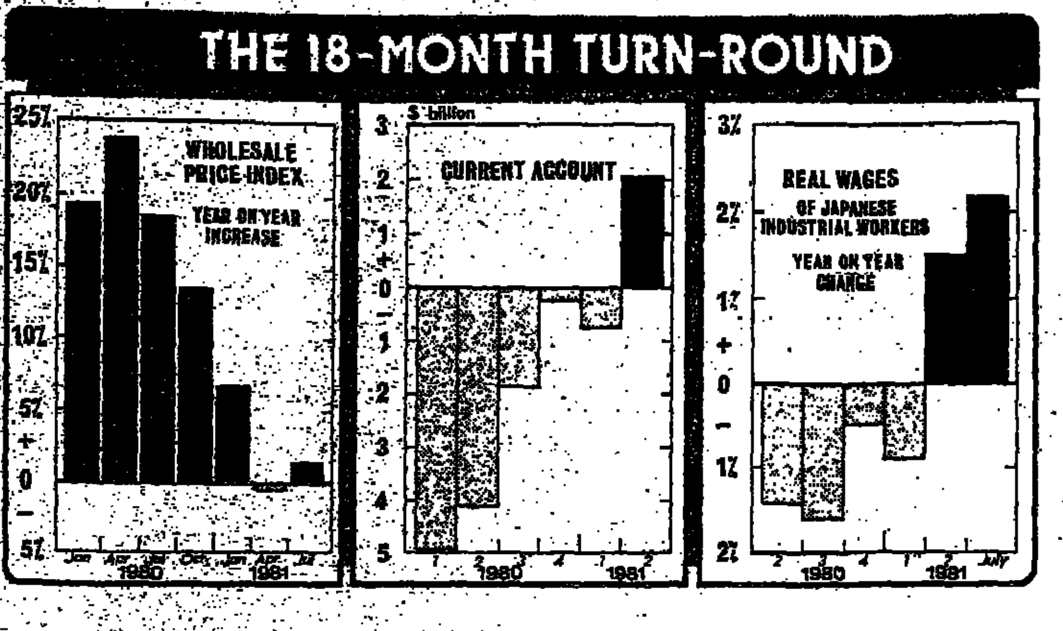
Because the Government is barred from using either of the normal tools for stimulating macro-economic demand the package which is due to be unveiled today will probably focus mainly on micro-economic measures — ie on ways to prop up individual sectors of the economy. The huge contrast in the recent performance of Japan's booming finished goods industries (cars, electronics, etc) and its deficit-ridden basic materials industries makes this a very natural approach. Industries such as aluminium smelting, oil refining and paper and pulp, some of which may record losses running into hundreds of billions of yen during the next few months, would have needed rescuing anyway whether or not the Government happened to be looking for materials to put into a "package."

Wiping out the red figures in the basic materials industries, however, may not necessarily stimulate overall demand. Capacity cuts, rather than demand increases, are more likely to be the solution for industries that can no longer cope with the high cost of energy in Japan or with the inflated prices of specific raw materials. In a few cases indirect protection against imports may also be considered.

The poor prospects for engineering a recovery in domestic demand by either macro- or micro-economic measures do not mean that no up-turn is in sight for the Japanese economy. Some spontaneous revival of consumer spending seems in order given the current stability of prices and the fact that real earnings have at least begun to climb after the restraints of 1980. Despite this, Japan will have a hard time reaching the 4.6 to 4.7 per cent growth rate that Government is likely to set (after re-calculating the original 5.3 per cent growth rate to allow for a change in the year used as base for the deflator). It will be still harder to generate half this amount from the domestic sector—to say nothing of the three-quarters originally promised.

Trouble ahead on trade front

Japan will grow more slowly, and export faster, than its Government originally intended in 1981 as in 1980, and must therefore expect more trouble on the foreign trade front. The difference between the two years is that, in 1980, Japan still had one important weapon up its sleeve—that of placating overseas trade partners by restraining exports of key items such as cars. As the Japanese authorities prepare for what everyone expects to be a winter of discontent in relations between major trading countries there is an uncomfortable awareness that there may not be much left to restrain.



Lombard

How the sheep got sheared

By Anthony Harris

WHEN THE Stock Exchange announced its recent finding that the private investor is alive and well and holding as many shares as ever—or indeed more—there was remarkably little fanfare.

This seems a little odd, after all the funeral rites which have been intoned in the Wilson report and elsewhere. Instead of rejoicing, the Stock Exchange itself provided a lot of footnotes about the inaccuracy of official statistics, which show private investors as large net sellers of stock, year after year. It all sounded more embarrassed than cheerful—and no wonder.

Statistics

If you have not realised why the figures are double-edged, just suppose for a moment that the official statistics are accurate and that the private investor has been able to take about £2bn a year out of the market without reducing his holdings.

Suppose, in other words, that he has on average simply been profit-taking, selling at the top and buying back at the bottom. Who has been on the other side of the deal, buying at the top and selling at the bottom? The institutional investor, that's who.

This has always been a clear implication of the official figures, as has been noted in this column more than once. The reaction has been interesting. When I accused the institutions of behaving collectively as mugs, nobody denied it.

Instead, there was a large correspondence pointing out that they couldn't help it. Their collective weight in the market was such that if they wanted to buy, they were bound to bid prices up against themselves.

This defence is no defence at all, for it concedes the point it seeks to refute. The accusation against the institutions has always been that they behave like a herd of sheep; and it is because of this herd-like behaviour that they move prices against themselves. The defence implicitly concedes the point, for the supposed weight of the institutions only matters when they are all trying to stampede in the same direction.

Now we have a new line of defence: the figures are inaccurate. However, an official admission that figures are subject to a wide margin of error does not imply that there is a systematic bias; simply that estimates based on partial returns may have to be revised. The revisions reveal any bias—such as our tendency to understate economic growth. They have not shown that we overstate institutional investment.

In any case, the suggestion of bias in the figures is a little sinister, if you analyse it. The official figures are calculated simply by adding up the reported purchases of the institutions, subtracting the net sum raised by way of new issues, and concluding that the balance must have been bought from other existing holders, who are by definition not reporting institutions.

If there is any bias in the figures, it can only be because the official statisticians make a quite inadequate allowance for dealing expenses, which are not very difficult to ascertain; or because the institutions persistently over-report the amount of stock they have bought or the prices they have paid, or under-report their sales. This suggestion hardly bears thinking about.

Figures

It is really more straightforward to assume that the official figures, taking one quarter with another, are not too far wrong: in which case the Stock Exchange figures mean simply that those who behave like sheep get sheared.

Is this accusation history or current affairs? The figures are history: and broking friends tell me that in that latest shake-out it was the small man who panicked, while the bolder funds bought all the way down. Enough doubt at least, to suggest a headline in the past tense.

Letters to the Editor

Encouraging stability in foreign exchanges

From Mr A. Horsnail

Sir,—How does the U.S. Federal Reserve Board account for international U.S. dollar movements in the application of its domestic monetary policies? I have in mind here the overlap between domestic and international dollar markets in the "leads and lags" of international trade and in forward dollar positions which could be contributing to domestic monetary data growth.

Whereas we may understand reasons why U.S. Treasury policies are against using the dollar to intervene in foreign exchange markets to smooth out exchange rate fluctuations, does it necessarily follow that other central banks cannot use their dollar reserves for smoothing purposes? I have in mind here that world markets can become too inflexible if everyone simultaneously applies a non-intervention stance.

Is it possible to encourage the development of financial instruments which will increase the stability in foreign exchange and bond markets by reducing the attractions of short-dated bills and currency "swops" for the large OPEC (Muslim) investors who have difficulty in accepting and accumulating "income bearing" bonds. I have in mind here the recent pioneer developments of five-ten year bills issued at a deep discount by leading world companies including General Motors, IBM and Citicorp. These long-dated bills have other important attractions, including lower notional interest rates than their dollar bonds equivalents. But at present these bills are vulnerable to uncertain tax treatments on income and capital maturities which could be usefully resolved.

A. G. Horsnail.
Capital House,
22 City Road, EC1.

The bid for the Royal Bank of Scotland

From Dr David Stevenson

Sir,—There are at least two ways of looking at the Royal Bank of Scotland.

As Dr Scotney (September 25) suggests, that it is a commercial enterprise or asset, disposable at will by its owners, the shareholders. This view would lead to an international auction of the bank, with a probable takeover from the U.S. But it seems likely that the Bank of England would object to such pure commercial logic. Would it be fair to the shareholders to tell them that they may sell, at a lower price, to Standard Chartered, but not at a higher price, to a U.S. bidder? Should they be asked to make a financial sacrifice in the interests of London or of the UK?

One may regard the bank as a Scottish institution, built up as part of the life of Scotland over the past 250 years, with the shareholders as temporary stewards—entitled to a fair profit on their investment (which they get), but not entitled to sell it off to an outsider to their own short-term financial advantage.

There seems little doubt that the United Kingdom, like other sovereign states, is entitled to safeguard its institutions for future generations—even where they are in private ownership. A question is whether Scotland remains a nation, retaining certain aspects of sovereignty, entitled to a degree of protection for its institutions.

Dr Scotney might wish to consider, as background reading, the fundamental document of the written constitution of the United Kingdom—the Act of Union of 1707. The Royal Bank is not mentioned in the Act, but was set up as a result of it.

(Dr) David Stevenson.
22, Blacket Place,
Edinburgh, Scotland.

Derate all businesses to save jobs

From Mr A. Hollway

Sir,—I have read with interest the recent correspondence on the position of business ratepayers, who fund a large proportion of local authority budgets, but are not electorally represented.

It is quite clearly unacceptable that business should have to pay swingeing rate increases, usually higher than the rate of inflation, plus receiving, in many cases, supplementary demands. All this at a time when business is desperately trying to cut costs to meet the reality of the country's tight economic circumstances—when every £5,000 (approximately) extra rate charge means quite literally one less person employed.

Mr Michael Heseltine's recent proposals to limit the size of rate increases next year, the Confederation of British Industry's deliberations and the London Chamber of Commerce's proposals for partial de-rating, do not go far enough.

If sufficient business is to survive, to avoid even higher levels of unemployment, it is necessary to de-rate all business now, as was deemed necessary in the 1929 slump.

It is significant that the Government considered it necessary to remove the rate burden to encourage business in "enterprise zones." It is now equally necessary to remove the rate burden from all existing business.

The rate burden should fall on all taxpayers to involve more fairly those families with more than one income, who after all use the services the rates provide.

Nobody is going to invest in business when the net return on capital for industrial and commercial companies in 1980 was 3 per cent and manufacturing companies only 2 per cent. Business has got to be made more viable.

Alan C. Hollway.
W. F. Hollway and Brothers,
42, Grafton Street,
Liverpool 8.

Schools of thought at Lloyd's

From Mr R. Comery

Sir,—There are two schools of thought at Lloyd's. The international people recognise that insurance is a global business and were delighted when the membership was opened to all nationalities. They see the whole London market (companies' and Lloyd's) as an insurance clearing house transacting substantial business originating from any country in the world and placed here in a competitive free market made up of British and foreign companies and "names."

Little Englanders think small is beautiful and will relish the Gaullist article by John Moore (September 28), although it makes no attempt to explain how London can attract international business without putting out the "welcome" mat.

Ronald Comery.
123, Cannon Street, EC4

Exasperated by a lack of comprehension

From the Director, National Federation of Clay Industries

Sir,—Your adjoining reports on page 7 of your edition of September 30, add to the exasperation felt by energy intensive industries.

It seems that Mrs Jane Carter of Department of Energy simply has not got the message that industries such as ours have made enormous increases in the efficient use of energy. Of course, there will always be room for improvement, but, instead of continual "knocking" could we not have a word of recognition for a change?

It is also a great pity that Mr Nigel Lawson, the new Secretary of State for Energy, in his first speech in that office should infer that we are seeking energy subsidies. To the point of exasperation, we have repeated time and time again that all we ask is fair treatment so that we can meet the competition from other EEC countries who enjoy much lower energy prices. No one wants subsidies, but we do want the shackles to be removed.

Robert S. Redmond.
Weston House,
West Bar Green,
Sheffield, Yorkshire.

Allocating money for capital projects

From the Chief Executive, Manchester Chamber of Commerce and Industry.

Sir, — In your newspaper of September 29, Rhys David, your Nothern Correspondent, refers to the six-point plan put out by the Manchester Chamber of Commerce and Industry, to boost the area's economy. I would like to make it clear that in demanding increased government spending in the north-west, we are not calling for an overall increase in government spending, but rather a re-allocation of such money as is available to important capital projects in the north-west. This is why we would like to see money earmarked for the development of Stansted, for instance, being spent instead on the development of Manchester international airport and other regional airports.

Paul R. Saulter.
Ship Canal House, King Street, Manchester.

Midland News down 14.5%

LOWER ADVERTISING volume contributed to a 14.5 per cent fall to £1.37m in pre-tax profits of the Midland News Association, provincial newspaper publisher, in the half-year to July 4 1981.

Mr Malcolm Graham, the chairman, says higher depreciation charges was another factor, but this was more than offset by a saving in corporation tax due to allowances on large capital expenditure. Turnover improved to £12.29m (£11.17m).

Profits for the second half are expected to be inhibited by the weakness of sterling which will substantially increase the cost of newsprint. Taxable earnings for *the 53 weeks to January 3, 1981* were £3.29m.

Findlay Hardware losses rise

INCREASED first-half losses were shown by **Findlay Hardware Group** up to June 30, 1981. *The pre-tax deficit went from* £166,000 to £311,000.

There is no interim dividend — the last interim was 0.5p net per 25p share in 1979. The directors state that there is no likelihood of a final being paid.

The chairman of this investment holding company says that removal, redundancy and other associated costs will continue for the rest of 1981, and will contribute to second-half losses similar to those in the first half. However, he is confident that the group will be more efficient in 1982, and capable of profitability even in today's depressed economic conditions.

Turnover was down to £7.68m (£8.63m). Interest charges were lower at £211,000 (£296,000). Tax was the same at £10,000.

The group will use the proceeds of *several transactions* to reduce overall borrowings. The sale will enable a greater concentration of effort on the main part of the group's business — hardware distribution.

The sale of Buchanan and Wilson (London) to McArthur and Company (Steel and Metal) of Bristol has been completed. The group has also disposed of a small retail business in Glasgow — James McFarlane. The recent closure of a Manchester warehouse has released that property for sale and contracts have been exchanged to sell about 25 per cent of the property at Scotstoun, Glasgow.

These transactions, combined with the placing of remaining properties on the market, mean the group can centralise operations in Glasgow, where it has rented a property at Clydebank for £50,000 pa.

House Property jumps

With property disposals increasing their contribution from £11,770 to £55,256, pre-tax profits at *the House Property* Company of London increased considerably from £32,783 to £116,693 in the half-year to June 30, 1981.

There was a tax charge of £20,500 compared with £6,000. The interim dividend is raised from 1p to 1.5p—the increase being to reduce disparity. Last year's final was 3.5p.

Vickers expects advance for year

FOR the first six months of 1981 Vickers, the armaments, engineering, medical equipment, *printing machinery and office* equipment concern, returned pre-tax profits of £9.5m on sales of £288.3m.

For the corresponding period last year the group reported taxable profits of £12.6m, including exceptional interest received on nationalisation compensation relating to prior years of £8.2m, on turnover of £210.6m. On a comparable basis after knocking off the exceptional credit and adding the profits of Rolls-Royce Motors Holdings of £1.5m earnings before tax would have been £5.7m.

The directors say for most of the group's UK engineering manufacturing businesses demand remains at a low level and *consequently prices are ex*tremely competitive. Trading results have improved somewhat as a result of de-manning and cost-saving actions, and the *change in the dollar/sterling* exchange rate has improved margins for trading in North America.

At the AGM in June the *directors indicated that although* the year had started disappointingly they foresaw results for the year showing some improvement over those of 1980.

They now say that this has been borne out to day, but add that they still see no signs of an upturn in the UK economy, and that the recent increase in *interest rates further adds* to the burden of the group's costs and may well delay any increase in activity.

None the less, the directors comment that present expectations are that profits for the year will exceed those of 1980 provided that the sterling equivalent of the group's sales *denominated in foreign cur*rencies is not unduly affected by a marked strengthening of the pound against those currencies between now and the end of the year.

They are maintaining the net interim dividend at 4.55p per £1 stock unit—for 1980 a total of 12p was paid from reported taxable profits of £28.6m.

Negotiations are continuing with the Ministry of Defence on the outstanding claims arising out of the premature cancellation in 1979 of the Iranian tank diesel engine contract. It is expected that these negotiations will be completed before the end of the year and that the directors will be able to report in the 1981 accounts the payments received and the accounting treatment adopted.

In the meantime, *they say* £2.1m has been released from provisions already made to offset the costs and losses being incurred during this period at the *diesel military engine facility* as a result of the plant under-utilisation following the contract cancellation. Such costs and losses at the current level were not incurred in the first half of 1980.

The pre-tax surplus for the first six months was struck after interest payable less investment income of £8.5m (£7.5m) and share of profits of associates of £200,000 (£300,000).

Tax was the same at £2.6m and after minorities of £500,000 (£300,000) attributable profit before extraordinary *items and* preference dividend payments was £6.4m (£9.7m).

Stated earnings per stock unit excluding interest on *nationalisation in respect of* prior years were 8.5p (1.8p), and including the interest, 8.5p (13p).

See Lex

HIGHLIGHTS

Lex looks at interest rates and their effect on industry and the stock market in the wake of the 2 per cent rise in clearing bank base rates before going on to discuss the previously long rights issue queue and the effect that the undersubscription of the **Morgan Crucible** cash call may have. On the corporate front, the column analyses the latest results from **Grattan Warehouses**, the mail order group, and **Vickers**. Finally, Lex examines **Hanson Trust's** offer document sent to **Berec** shareholders and notes *the strength of Hanson's profits* after 10 months of the current financial year. Elsewhere, the **Habitat floatation** has gone through successfully. **Ward White** is considering making an offer for another shoe group, **Hiltons Footwear**. **Eastern Produce** is bidding for **Blantyre Tea** and motor distributor, **Appleyard Group**, has disenfranchised the equity held in Swiss hands. Other companies publishing results include **Mitchell Cotts**, **Bowthorpe Holdings**, **HTV** and **Desoutter**.

Mitchell Cotts slightly higher at £9.14m

TRANSPORTATION and engineering, which account for 99 per cent of **Mitchell Cotts** group's total profits, have again con*tinued the trend of recent years*, increasing respectively by 17 per cent and 22 per cent in the year to June 30, 1981. Against this, activities on the trading side are much reduced.

Pre-tax profits for the group were marginally higher at £9.14m compared with £9.02m. There are additional profits on extra*ordinary items for the year* amounting to £2.72m (£223,000 loss). This arises largely from the surplus over book value in respect of the compensation *settlement in Uganda. Turnover* climbed from £294.86m to £363.33m.

Mr P. P. Dunkley, the chairman, says it has been decided to *realise a target sum equivalent* to £9m by selling properties in South Africa. Of this total, £2.4m has already been achieved since the end of the financial year by *the sale of one property which* was not considered essential to the business, and the balance will come from the sale and leaseback of properties on a basis *which has already been agreed.*

The profit on these transactions is expected to be approximately £5m which will be shown in the accounts for the *year to June 30, 1982.*

Mr Dunkley says it is not easy to give a confident forecast of the likely outcome for the current year. The companies *throughout the organisation* are budgeting for increased profits and there is every indication that its main activities will continue to expand.

In his statement last year, he was hopeful that improvements in Southern Africa and Australia would be sufficient to compensate for the inevitable reduction in profit arising from the recession in other areas. This has been the case with Southern Africa achieving an increase of 22 per cent, and Australia bringing in a useful profit.

The pre-tax figure was struck after higher interest charges of £5.83m (£4.32m). After minorities of £1.96m (£1.54m) and the extraordinary credits, attributable profits were considerably higher at £6m compared with £3.29m.

*The final dividend is un*changed at 2.355p for a same-again total of 3.61125p. Dividends absorb £2.21m (£1.95m), leaving retained profits at £3.79m *(£1.34m). Stated earnings per* 25p share are down from 6.57p to 3.52p.

Turnover and profits by division were (£000s) engineering, £167,985 *(£117,574)* and *£9,723* (£8,332), transportation, £148,677 (£119,529) and £4,123 (£3,389); trading, £46,654 (£57,756) and £98 (£896).

On a CCA basis, pre-tax profits were £3.65m.

• comment

The composition of broadly unchanged annual profits from **Mitchell Cotts** serves to underline the point the group has been making for some time now *that it is not an overseas trader*, and should not be rated as such. International engineer would, perhaps, make a better fit but the growth in South African con*tracting, which comes through* on an analysis of activity and territory, is leading to balance sheet pressures which asset disposals are now designed to *alleviate. The sale of heavy* pre-fabrication interests makes a good start on the target realisations and contract engineering orders worth some U.S.$250m have been taken in South Africa during the summer with a further A$100m in Australia. At the same time, two difficult UK engineering interests have undergone surgery. Australia as a whole *is expected to make reasonable* returns and every facet of the group's wide-spread operations is budgeting for increased profits this year. The signs are, however, that the shares are still *waiting for tangible evidence of* a switch of emphasis from *income to capital growth*. The chances of at last pushing profits out of a long plateau still rest heavily with the health of world trade and mining indus*try confidence. the yield of 12.4* per cent at 44½p is still somewhat defensive while the re-emergence of the Ugandan tea export business and the imminent negotiations on Ethiopian cotton plantation compensation still focus attention on the group's original trading activities.

HTV down to £2.97m but maintains payout

TAXABLE PROFITS of HTV Group, the diversified television concern, declined from £3.58m to £2.97m for the year to July 31, 1981 on turnover ahead at £46.5m, compared with £39.64m.

A divisional breakdown of the surplus shows TV, £2.33m (£2.65m) after Exchequer levy of £3.43m (£2.14m), fine art, £186,000 (£476,000), publishing and stationery, £552,000 loss (£31,000 loss), and property and leasing £726,000 profit (£531,000).

The loss by the publishing and stationery division mainly reflects the abnormal trading costs incurred during the reorganisation of TP and J Smith, as well as the exceptional difficulties experienced by Frederick Muller during the current recession in the publishing industry.

The completed reorganisation of Smith is expected to produce a return to profitability by that company during the year ending July 31, 1982.

The group taxable profit for the year under review was struck after interest charges of £25,000 (£47,000) and was subject to tax of £1.35m (£1.56m).

The attributable surplus emerged at £1.29m (£2.02m) after extraordinary items of £272,000 (nil) which comprised costs less tax recoverable (£530,000) of the reorganisation of a subsidiary, £505,000, less surplus on the disposal of properties, £173,000.

Stated earning per share were lower at 15.63p (19.56p) but a final dividend of 6.5p (same) maintains the net total at 10p per 25p share.

All freehold and certain leasehold properties were revalued at July 31 1981, and the surplus of £526,000 over book value, less a provision for deferred tax of £99,000 has been credited to reserves.

The technical equipment, office equipment and motor vehicles used in the television activity were valued to take account of inflation during the period from previous valuation or purchase, as appropriate, to July 31 1981. A surplus of £570,000 arose on the valuation and this surplus, less a provision for deferred tax of £296,000, has been credited to reserves. Provision was made against profit for additional depreciation of £550,000 related to prior years.

• comment

A decline in overseas programme sales from 1980's £912,000 (outside the range of the levy *charge) has given the Exchequer* a much bigger proportional cut of **HTV**'s television profits. But still advertising revenue was strong despite the recession and TV profits are only down an eighth after an extra £1.3m of levy. As for the diversification away from TV, Frost and Reed, its fine art operation, is holding a lower level of profitability in a very tough market while the publishing side is a real headache. T. J. & J. Smith, publishers of Dataday diaries, and book publishers Muller made a combined loss above the line of over £1m. Closure costs and redundancies at Malden have resulted in a further below-the-line charge of £4m. However, Smith has been brought back to a level where it can trade profitably so there is a fair chunk of recovery to come this year. TV could also make a better showing in 1981-82 thanks to buoyant advertising and a lower wage round in July though in January the IBA rental costs will go up. Overall HTV could make £3½m plus this year. Yet at 91p the 16.9 per cent yield is the most important figure for the shares.

A. Henriques first-half slide to £63,858

Pressure on margins dragged pre-tax profits of **Arthur Henriques**, manufacturer of *women's clothing, down to* £63,858 in the 25 weeks to June 26, against £77,445 for the first half of 1980.

Turnover picked up to £2.3m from £2.05m. The interim is repeated at 0.3p net per 10p share, with last year's total having been 1.5p. Earnings per share are given as 1.5p (0.92p).

Provincial Insurance up sharply

PRE-TAX profits of **Provincial Insurance Co.** climbed from £2.84m to £5.02m, after including investment income of £4.7m, against £4.23m.

After tax, the attributable surplus came through at £2.7m (£1.53m). Stated earnings per share rose from 16.31p to 28.79p and the interim dividend is higher at 8p, payable November 2, against an adjusted 6.8182p last time.

General written premiums for the half year totalled £47.23m (£44.41m) and there was a *turn*round from a general business underwriting loss of £1.07m to an underwriting profit of £547,000.

New investment company being launched

A new investment company specialising in minerals and energy is to be launched on Monday by stockbrokers Strauss Turnbull. Initially 300,000 shares in **Mores (Minerals - Oils and Resources)** are being placed at U.S.$10 each but the authorised share capital comprises 5m shares and the issue price will remain at $10 until October 20.

The company is open ended so that in future shares will be issued and redeemed at net asset value subject to dealing expenses. Mores is registered in Panama and will be quoted in London.

The fund will invest in an international spread of equities in mining companies, mining finance houses, oil and gas producers and prospecting companies serving any of these sectors.

The chairman of Mores Fund Managers, the Jersey Based *managers* of the fund, is Mr Hugh Sassoon of Strauss Turnbull. Other members of the firm will be closely involved in managing the fund.

The broad aim will be to put about one-third into precious metals, one-third into other minerals and one-third into energy. No more than 10 per cent *will be in any one company*, no more than 20 per cent in unquoted investments, while the managers will not go short, purchase physical commodities or *futures or trade in options.*

British Assets' compulsory conversion

The board of British Assets Trust announces the compulsory conversion of the £325,322 nominal 5 per cent convertible subordinated loan stock 1973-98 outstanding—representing less than 5 per cent of the nominal amount of stock originally issued —into ordinary shares of 25p each.

Unless shareholders give notice of exercise of their alternative right to require repayment at par, not later than November 30, compulsory conversion of the stock will take place automatically on December 31 when it will stand converted into ordinary shares at the rate *of two ordinary shares of 25p* each for every £1 of stock.

Interest on stock so converted will cease to accrue as from September 30.

British Assets has repaid the U.S.$10m New York Life Insurance Company loan.

Terminal bonus rates rise at Scots. Amicable

Scottish Amicable Life Assurance Society has announced increases in its terminal bonus rates ahead of the year end.

As from yesterday, the new rate for life contracts, personal pension policies and superannuation *(first series)* will be 1.4 per cent of the basic benefit for each year in force plus an additional 0.4 per cent for each of the first 10 years.

This means that for a 10-year policy the terminal bonus rate rises from 12 per cent to 18 per cent of the basic benefit, while for a 25-year contract it climbs *from 34.5 per cent to 39 per* cent.

On superannuation (second series) and Flexipension (first series) the rate is improved *from 27 per cent to 30 per cent* of the attaching bonuses.

Scottish Amicable has adjusted the structure of its terminal bonus system to provide a higher share of the increased investment profits to the shorter term contracts, reflecting the successful investment strategy over the past 10 years.

African Lakes Corp. advances to £252,771

In the six months to January 31 1981 the African Lakes Corporation—the tea, rubber and other crop trader and planter—advanced from taxable profits of £218,487 to £252,771 on turnover ahead at £5.01m, compared with £4.51m.

The directors say it is not yet possible to forecast the full year's results, but they are confident they will be able to recommend a dividend of 1.1p net (1p adjusted for one-for-10 scrip issue) per 25p share.

Tax took £40,185 (£54,555) *while the earnings per share are* stated at 3.1p (3.01p). The company has adjusted comparative figures to take account of Globe and Phoenix Gold Mining Company becoming an associate.

Habitat success leaves brokers 'quietly pleased'

THE £12m offer for sale by tender of up to *10.9m shares of* the home furnishings group **Habitat** has been a success despite this week's unsettled market conditions.

An average tender of 118p was obtained from the 2,000 applications compared with a minimum tender price of 110p. However, the underwriters, **Morgan Grenfell** and **Bank Mees and Hope**, have decided that the price at which all shares will be sold, the so-called striking price, will be 110p.

"We would rather see a lot of *pleased people than take the last* 5p from them," said Mr Roger Seelig of Morgan Grenfell.

He said the result was achieved without pressuring *institutional* investors to buy. "We haven't broken any arms. What you are seeing is the truth. We are very quietly pleased."

All applications for up to 10,000 shares will be allotted in full regardless of the price at which they were tendered. Applications for more than 10,000 shares will be allotted as to 70 per cent for 110p tenders, 82 per cent for 115p tenders and in full for 120p tenders. The highest price received was 200p. Dealings begin on the Stock Exchange on October 7.

Meanwhile, it was confirmed yesterday that the £10.8m rights issue by Morgan Crucible had flopped, attracting acceptances *for only* 14.5 per cent of the 10.5m shares offered at 107p per share. When the offer closed on *Tuesday, the market price of the* shares was 102p.

Appleyard voting ban on 2.9% block

The Appleyard Group of Companies, a Yorkshire car and commercial vehicle retailer and distributor, has placed a voting ban on a block of shares representing 2.9 per cent of the group's capital.

This move follows an amendment to the group's articles of association in May giving the company the right to disenfranchise shareholders who fail to give full details of the ownership of the holding within a period of 42 days from the date the request for the information was made.

This change in the company's articles came about because of an increase in nominee shareholdings in the company.

Appleyard said yesterday that a Swiss company, notified to the group by the registered holder as being interested in 405,000 shares in Appleyard (5.1 per cent), has stated that "it is unable to answer our proper enquiries in respect of 230,000 ordinary shares and the holder of those shares has therefore been disenfranchised."

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc. Book	int.	3.5	Nov. 3	2.8	—	7.5
Bowthorpe	int.	1.52	Dec. 14	1.38	—	2.96
Desoutter Bs (Hdgs)	int	2.7	Nov. 10	2.7	—	5.7
Elbar Industrial	int.	Nil	—	1	—	2
Estates & Gen. Inv.	int.	0.6	Nov. 25	0.55	—	1.55
Ferry Pickering		1.6	Nov. 16	1.6	2.6	2.6
Grattan	int.	1.57	Jan. 5	1.57	—	4.12
A. Henriques	int.	0.3	Dec. 1	0.3	—	1.5
House Property Co.	int.	1.5‡	—	1	—	4.5
HTV Group		6.5	Nov. 13	6.5	10	10
London Shop Property		2.75	Dec. 10	2.15	3.75	3.1
Mitchell Cotts		2.69	Jan. 11	2.96	3.61	3.61
OEM	int.	2.5	Dec. 7	2.5	—	7
Austin Reed	int.	0.9	Dec. 1	0.8	—	3.36
Silvermines	int.	1.5	Oct. 30	1	—	3
Vickers	int.	4.55	Jan. 5	4.55	—	12
Ward White	int.	1.4	Nov. 14	1.4	—	4.2
Wolstenholme Rink	int.	2.5	Nov 12	2.5	—	5.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

Ford-and the Fleet owner

A survey of the Fleet business in Britain and how Ford support the company vehicle operator.

ROGER HUMM, DIRECTOR OF SALES, FORD OF BRITAIN

Fleet business is vital

There is little doubt that the largest fleet market in Europe is in the United Kingdom. Nowhere else are so many passenger cars sold for business usage, and in only two other countries, France and Germany, is the commercial vehicle market larger.

While there are no official fleet purchasing statistics it is generally recognised that at least 60 per cent of new cars registered in the UK each year are bought by business users, from the very large operator to the small independent businessman with only one car.

In the fiercely challenging economic environment of 1981 the fleet market is vitally important and no manufacturer is more aware of this than Ford.

Ford has been clear market leader in the fleet sector throughout the Nineteen Seventies and this continues into the Eighties. The reason is simple; we have continuously invested in product engineering which meets the fleet buyers needs and we have backed our products with a dealer organisation and support services second to none.

A continuing commitment to investment in engineering and product integrity has already been demonstrated over the last twelve months by the introduction of the new Escort and Cargo truck range. Today we launch our 1982 Granada where the major emphasis once again has been placed on advanced engineering. These products typify our determination to provide the consumer with significantly improved products which we can claim, with integrity, represent improved value for money.

No sector of the market is more discerning than our fleet buyers and their requirements consistently receive attention. The bonus to the private buyer is that he too derives the benefits which accrue from products designed to meet the professional demands of the transport manager.

This supplement describes the range of product and resources made available to the fleet purchaser by Ford.

"Ford Gives You More" is more than an advertising statement, it is a commitment to go on improving Ford's service to all its customers and, of course, to the fleet owners of the future.

A British commitment that succeeded

By a Special Correspondent

From small beginnings — in a converted carriage works at Trafford Park, Manchester — Ford of Britain has grown into one of the UK's largest manufacturing companies; employing around 70,000 people in 24 plants from Belfast to Bridgend and Liverpool to Basildon.

In 1980 Ford of Britain plants produced 522,484 cars, trucks and tractors as well as millions of associated automotive components. Export shipments of vehicles and components totalled £852 million and Ford of Britain employees proudly boast that they earned more export revenue per head than the employees of any of the other three major British based vehicle manufacturers.

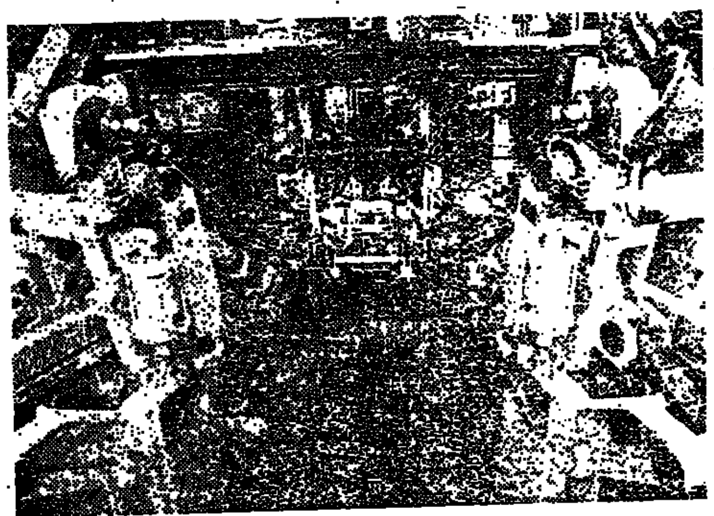
Investment by Ford in Britain since those very early days in Manchester has easily outpaced the rest of the industry. In 1931 the first vehicle came off the production line at the brand new Dagenham plant by the Thames in Essex — now enlarged to six different plants with a total floor area of some 10 million square feet.

A policy of de-centralisation in the late 1950s and early 1960s saw the establishment of a number of factories, the major ones being at Halewood on Merseyside in 1962, a tractor plant at Basildon in Essex (1964) and a truck plant at Langley in Berkshire. Two major component plants, at Swansea and Belfast, began production in 1965. In 1967 a new £10½ million Research and Engineering Centre was opened at Dunton in Essex, followed by a £30 million parts distribution centre at Daventry in Northants in the early seventies.

Coming right up to date, the massive new engine plant at Bridgend in South Wales was opened in 1980. This showpiece facility, costing £180 million to build and equip on what was previously a green field site, has a capacity to build 500,000 engines a year. Bridgend-made engines are fitted to most Escorts made in Germany as well as Britain. Currently around 70 per cent of Bridgend output is exported.

New Products

In the past 12 months two important new Ford models have been announced, the Escort range of cars and vans and the Cargo truck range. The Escort project represents a mammoth investment, involving £380 million in manufacturing facilities alone. Production of the car itself is carried out at Halewood where more than £200 million has been invested in the past three years, of which £135 million is directly associated with the new model.



Universal Transfer Devices preparing to weld the engine compartment of the Escort.

This includes projects such as an automatic six-station line of 1,000 tonne presses for the production of one-piece Escort bodysides; the introduction of 39 universal transfer devices ("robots") into the body construction process; and the installation of a new paint system. In a full year Ford spends more than £100 million on production materials and components for the Escort with British firms.

The new Cargo truck range, which was introduced in March 1981, involved extensive conversion of the Langley truck plant, including the installation of automatic welding robots for cab construction and a new cathodic paint plant. In total the Cargo project required an investment in Britain of £125 million.

Component plants which participated in the investment for the new models included those at Swansea, Dagenham, Basildon, Woolwich, Leamington, Enfield, Belfast and Southampton.

And it was recently announced that Dagenham production of Britain's best selling small car, the Ford Fiesta, is to be increased to around 380 units a day — more than double the figure of two years ago.

The 1982 Granada which goes on sale today is the latest move in Ford's continuing programme of product improvement.

Earlier this year Ford of Britain Chairman and Managing Director, Sam Toy, emphasised the company's continuing commitment to Britain when he announced that investment for the years 1981-1984 inclusive will total approximately £1,400 million.

Expenditure on this scale, shared between new products and the facilities to produce them, inevitably depends on the continued profit performance that Ford alone in recent years has been able to achieve. By the same token those investments, coupled with the sustained drive towards greater productivity, are the only means by which Ford, or any company, can hope to compete effectively with foreign manufacturers.

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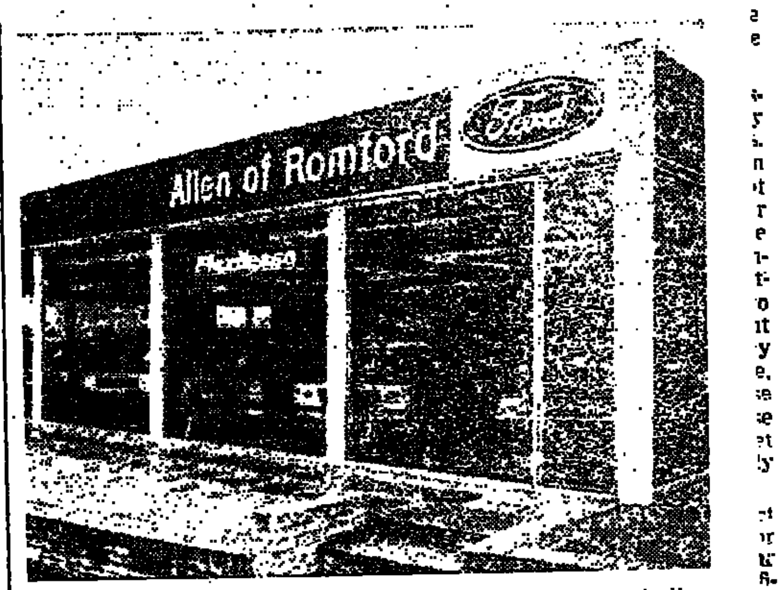


Allen of Romford, one of the 399 Ford Main Dealers strategically located up and down the country

The Ford dealer network

KEITH PRICKETT, DIRECTOR OF MARKETING

Back in 1964, Ford made its first blueprint for today's Ford dealer organisation. In that year it launched its first five-year programme of market studies to produce a national representation plan. The objective was to establish a network of dealers, properly located for each market, each with adequate finance, facilities and management and able to expand with the growth in industry size and Ford share —in short, to plan the right type of dealers, of the right size in the right place and at the right time. Not too many (to protect dealer viability) not too few (to ensure comprehensive coverage), but just right.

The result of this planning is the present dealer pattern of 399 Main Dealers covering cities and major towns, 134 Truck Specialist Dealerships strategically located, and 817 Retail Dealers in the many smaller communities. For the fleet operator, this means that wherever his vehicles operate he can count on a local repair service and parts availability second to none.

Potential Growth

Ford was early in recognising the potential growth of the business market, and determined at an early stage to embody the particular requirements of fleet operators in its product planning. Supported by these products, Ford dealers have gained the lion's share of the fleet market. As a result, Ford has a higher sales throughput per dealer than any other franchised network. This has given Ford dealers a skill in recognising the needs of the operator and the expertise to meet these needs, whether by straight sale or leasing. It has also allowed them to establish extensive service facilities and parts inventories.

Ford Motor Company has always set great store on training for dealer staff. It runs regular, residential courses for dealer personnel on all aspects of dealership operations. Prominent courses include training for salesmen in contract hire and leasing and the special needs of the fleet market.

Parallel to the dealer's fleet activities there is a large team of fleet personnel at the company's headquarters and in the field whose function is to provide specialist support and advice on sales, service, parts and financial matters, both to dealers and to fleet-owners.

So, in choosing a Ford for his fleet, an operator buys not only a product designed with his special needs in mind, but also the assurance of a nationwide back-up service for his vehicles from trained and helpful Ford dealers.

Take the guesswork out of Fleet costs

MICHAEL MEAD, MANAGER, LEASING AND RENTAL SALES

Efficient management and strict financial control of both company car and commercial vehicle fleet operations is essential in today's economic conditions. Fuel costs in particular are at an extraordinarily high level at present as are most operating costs.

Ancillary

For the majority of companies the operation of car and commercial vehicle fleets is ancillary to their main business activity. Nevertheless they are important functions for which cost levels must be carefully monitored and contained within closely defined budgetary limits.

Too often, insufficient attention is paid to the manner in which vehicles are operated, to the levels of utilisation of commercial vehicles and to the costs involved in operating and maintaining any fleet. In many people's eyes a vehicle is merely a tool which should be used without discrimination to fulfil a wide range of tasks as and when required. Little thought is given to the relative value of the movement compared to its cost.

Uneconomic

A typical example is the use of heavy vehicles to deliver small consignments over long distances because the customer insists that the order is urgently required. While such actions often can be justified, up to a point, there must come a time when the excessive costs cannot be justified. Regrettably, however, not many companies have suitable cost recording and monitoring systems which enable the responsible executive to make informed decisions.

It is in this context that the Ford FACTS and Ford FOCAS systems provide the fleet operator with the information he needs to make rational management decisions. FACTS is designed exclusively for the car fleet operator while FOCAS is mainly for commercial and mixed car and commercial fleets. Both are computer based cost monitoring and analysis systems. In each case operators submit regular cost details of their fleets on standard format documents to a central processing office where the analyses are prepared.

FACTS, the Ford Analysis of Car Transport Statistics, was developed in conjunction with Hoskyns Systems Limited to provide transport and financial control information for fleet users through a number of standard reports which may be tailored to suit individual needs. Its major benefits fall into three main areas: policy determination, management control and daily control.

Optimum

The Maintenance Cost report provided within the system enables the fleet manager to see the comparative operating costs for a variety of vehicles over specified periods and annual mileages. Thus for a particular vehicle, the report will quickly and easily show the optimum age/mileage replacement policy based on maintenance costs.

At the same time an evaluation of alternative models can be made allowing the fleet manager to select the most suitable vehicle to operate in any particular category and the most economical replacement cycle. Among the other information provided by the Maintenance Cost report are statistics which assist in budgeting and which aid the comparison of actual costs and fleet performance with national averages.

Control

The Model Maintenance Control report, shows how costs for similar cars vary from driver to driver and the actual cost per vehicle in mileage ranges against budget for the period and also total cost to date against budget. Such reports are invaluable to management for highlighting poor performance vehicles, establishing operational budgets, analysing operating costs and providing all the necessary information for strict control of fleet running costs.

For purposes of daily control, further information is provided to give a case history of individual vehicles and to indicate, for example, whether warranty claims are applicable and whether vehicles are being over serviced. It will also analyse and monitor repair costs, show incorrect or duplicated charges as well as monitoring service intervals, vehicle excise duty renewal dates and annual MoT test requirements.

With over 70,000 vehicles of all makes on the system FACTS provides an excellent reference against which fleet operators can compare their own vehicle statistics. It gives them a complete information service based on standardised reports but with sufficient flexibility to incorporate individual fleet information requirements.

FOCAS

For the commercial vehicle operator Ford offers FOCAS (Ford Operating Cost Analysis System) as a fleet user support system irrespective of the make of vehicle operated.

It is operated through L. A. Computer Services Ltd., and its aim is to monitor the areas of most concern in transport fleets. Principally these include make and model analysis which enables the operator to identify the most cost effective vehicle for the job; age band analysis to aid replacement planning; inter-depot and work activity comparisons to identify areas over-provided with vehicles; and vehicle and driver comparisons to identify high cost units for corrective action.

Each month the FOCAS subscriber receives a set of reports comprising statements of expenditure backed by a detailed quarterly analysis of all operating costs. The monthly reports consist of a static details list, a total expenditure report, a vehicle report and an operating cost analysis. Further optional reports covering cumulative expenditure, group costing analysis and monthly expenditure are available.

The advantages of FOCAS are clear. Firstly, it provides the fleet manager with accurate cost data on his own fleet so he can make sensible decisions about vehicle replacement. Secondly, it gives him an indication as to whether or not his general level of costs compare favourably with other operators in the same field of activity. Thirdly, it indicates to him where costs can or should be saved.

FOCAS can claim a number of successes in this latter respect, like the case of a major fleet operator who reduced his maintenance costs by ten per cent through better workshop control and planning while another operator was able to identify and replace 'rogue' vehicles and thereby reduce their operating costs by over 12 per cent.

Aid

Both FACTS and FOCAS are aids to management as part of its overall objective of achieving more efficient and cost effective transport operations. Neither system provides all the answers and they do not make the decisions. What they do, however, is to provide fleet management with accurate and reliable data on which important operating decisions can be made with confidence.

Without such information, decision making is dependent on hunches and guesswork and we are then back in the realms of "seat-of-the-pants" transport management which has prevailed for too long.

A car for all reasons

Ernie Thompson, Director of Car Sales

The key to Ford's pre-eminence in the British car fleet market, which it has led consistently since the early seventies, has been product. The comprehensive scope of the Ford car range, the way in which models can be tailored to individual requirements and the firm emphasis on low cost of ownership and maintaining high residual values, are all vital elements of the product programme.

The model range consists basically of five car lines, ranging from the Design Award-winning Fiesta, in the so-called "super-mini" class, through Escort and Cortina family cars to the Granada range of big cars and the sporting Capri coupes.

Variations on engine capacity, trim and equipment, body styles and types of transmission extend this basic five-car line-up to a total of nearly ninety different models. Adding further items from an extensive list of options, ranging from headlamp washers and sun-roofs to special wheels and paint finishes provides even greater scope to meet individual preference.

Low cost of ownership — a total concept which covers initial purchase price, fuel economy, service times, parts costs and, by no means least important, the car's retained value at the end of a period of ownership — has been an assiduously pursued objective for Ford engineers for many years. Extensive research and meticulous care in matters of design, specification and materials result in competitive pricing for initial purchase, while fuel economy as an end in itself has been the subject of intensive engineering and design study in recent years.

Impact of Oil

Rapidly-rising fuel prices, and the ever-present threat of restricted output from politically restless oil-producing areas of the world have combined with the recognition of the finite nature of reserves of fossil fuels to focus attention on the necessity for improvements in petrol consumption.

In 1974, following the Yom Kippur war, Ford established a "fuel economy task force" to investigate all aspects of current and future product design to establish areas in which improvements might be achieved.

Naturally, there was no instant, easy solution — fuel economy had hardly been neglected in the past. But the overall result of many detailed actions was an improvement in the average fuel consumption of the Ford range of vehicles of some 15 per cent during the remainder of the seventies. Further developments in the aerodynamic efficiency of vehicle design, weight reduction and improved efficiency of engines and transmissions are expected to enable Ford to produce further improvements of as much as 25 per cent by 1990 over 1978 levels.

Total Ownership Costs

Fuel consumption is, of course, only one component in the total cost of owning a car. The expense of servicing and repairs and the financial burden of insurance, in many ways linked to these, are also important items to which Ford designers give high priority from the outset. Body structures are designed to eliminate excess weight without sacrificing strength and durability: large access holes in double-skinned body sections, with easy replacement of panels and other body parts, facilitate low-cost crash repairs. Natural break lines on panels make paintwork renovation easier, quicker and thus cheaper to execute.

Advanced service teams examine and assess the labour times for every service and repair operation and develop tools, techniques and training schemes to make each job as simple, and as inexpensive, as possible.

Corrosion protection, through body design which eliminates rust traps and treatment processes during manufacture to give long-term protection, is another important aspect of minimum ownership costs and is one which has a profound influence on depreciation.

Throughout the development of new models there is close and continuous consultation with fleet owners and insurers to make certain that their requirements are met. Selected operators are taken into the company's confidence to ensure that any potential "hindrances" to the vehicle's eventual acceptability are ironed out as early as possible. Car "clinics", where those participating are not even aware of the manufacturer's identity, also give invaluable guidance.

The success of these programmes of research and study is self-evident. Taking service and repair costs as an example, the time for 75 of the 100 most frequent repair operations on Fiesta was reduced to under one hour for each — a feature of the car's design which helped to win it a Design Council Award. On the new Escort, less than two hours routine maintenance is needed during an average year's motoring of 11,000 miles, representing an important reduction in down-time which plays so large a part in fleet operators' overall costs.

Market Performance

This tireless and scrupulous attention to engineering efficiency shows its results in Ford's performance in the market place. Ford cars, and especially the Cortina, have been Britain's best sellers every year since 1972: in 1980, the three top sellers in the United Kingdom were the Cortina, the Escort and the Fiesta, making a clean sweep never previously achieved by any manufacturer. To the end of August this year the same three models were still maintaining these positions and in the month of August Ford sold more cars than in any previous month in its history.

The success of the Cortina range since its introduction in 1962 has been well documented. Each of its successive "marks" has sold over a million units and its popularity among fleet owners is widely acknowledged. Reliability, low ownership costs and a wide spread of models, from the 1300cc base version to the well-equipped 2.3-litre Ghia model have been key factors in the establishment of the Cortina as the most popular car model in the UK. Dubbed "Big C" in the trade, it must be the target for more competitive advertisements than any other car ever sold in this country.

The new Escort, announced in September 1980, and almost immediately voted "Car of the Year 1981", has become the fastest-selling new model in Ford's European history. Nowhere has it been more successful than in Britain, where sales have already exceeded 100,000. Like the Fiesta, the Escort has received a Design Council Award and offers the kind of model choice which typifies Ford thinking. With three different body styles, five different levels of specification and a choice of four different power units the new Escort range extends to 26 models. Within this number of permutations there is an Escort to suit virtually any fleet owner seeking a mix of vehicles in the compact car segment, starting with the 1100cc three-door saloon and culminating in the sporty, high performance XR3.

Expanding Range

Rounding off the Ford trio of top sellers is the Fiesta, introduced in 1977, and another good example of the way in which a single Ford model range has been extended to broaden the car's overall appeal. Initially four models — base, L, S and Ghia — with a choice of 957cc or 1117cc power units were available. Less than a year after introduction a 1300cc engine was offered with sporting S or luxury Ghia alternatives, and in 1980 a GL model came in to bridge the gap between L and Ghia versions. In the same year the impressively-performing Supersport, with the 1300cc engine and additional aerodynamic aids, was introduced.

At the opposite end of the range the Fiesta Popular joined the ranks in December 1980, along with the Popular Plus, to provide low-cost motoring without austerity. And just recently, Ford has announced an ultra-high performance XR2 Fiesta, with 1600cc engine and other special features to take the Fiesta's appeal into a totally new segment of the market.

Although Ford's target in designing the Fiesta was to gain a major share of the privately-dominated, front-wheel-drive "super-mini" class, it has carved a valuable niche in the business market and now more than a quarter of its production goes into company fleets.

A similar story surrounds the Capri. Introduced in 1969 it created a niche in the speciality car market in the United Kingdom.

Subsequent steady refinement and development, including the introduction of the Mark II in 1974, kept the range well ahead of the competition, however, and the Capri has always been the best seller in its class.

Five trim and equipment levels, ranging from L to Ghia are offered together with a choice of engines to give seven model alternatives, combining economy, style and performance in varying degrees. The latest addition to the model range, the Capri 2.8 Injection, is the fastest production car ever offered by Ford in Britain.

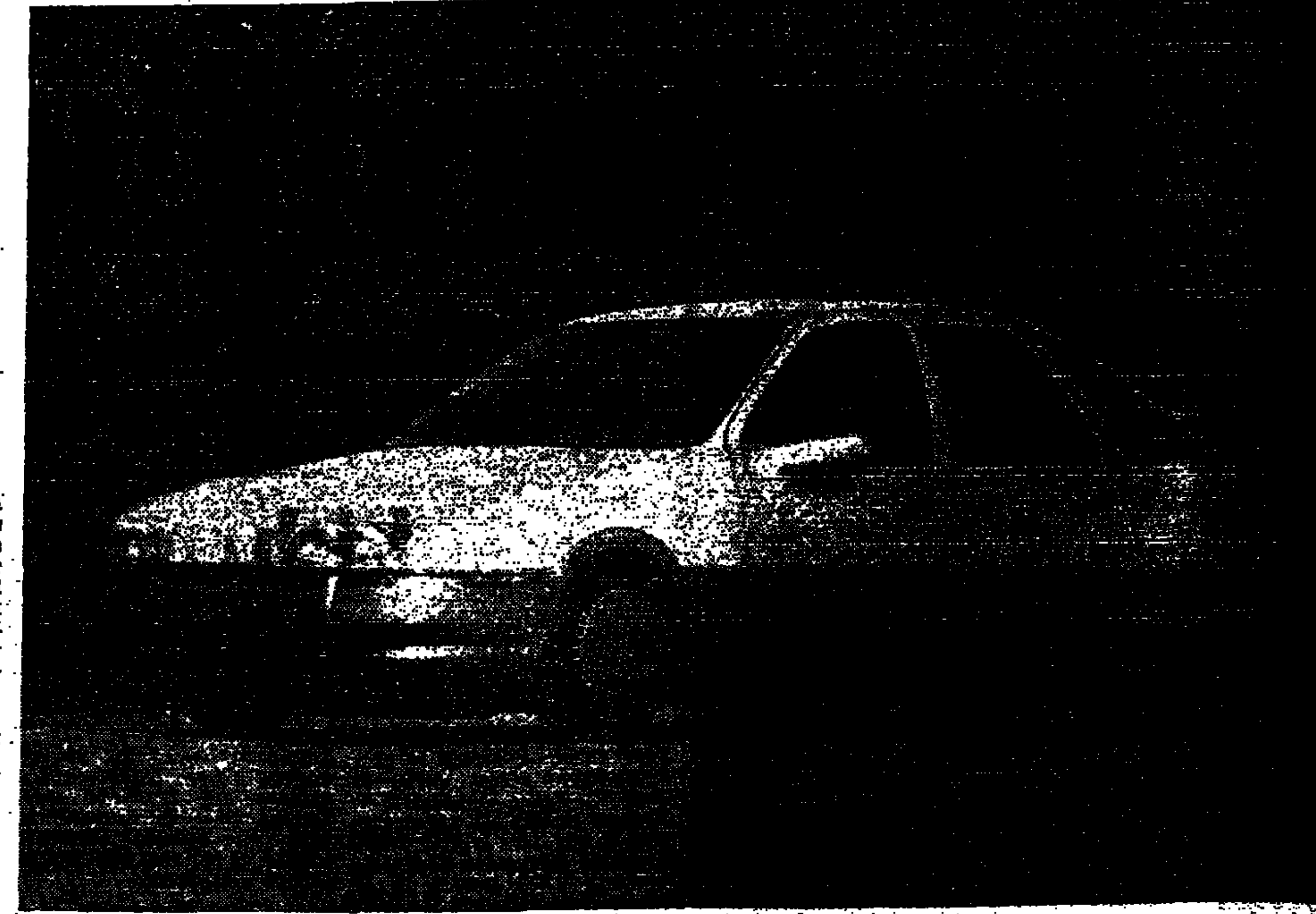
Ford's contenders in the big car segment of the market are the Granadas, of which the completely revised 1982 versions go on sale today.

The Granada "family", like all other Ford car lines, covers a wide band of motoring requirements through engine sizes which range from a 4-cylinder 2.0 litre unit to a 160 bhp six-cylinder 2.8 litre engine with fuel injection. Levels of trim and equipment range, again, from the modestly priced but well appointed L model to the superbly-equipped and furnished Ghia variants to cater for motorists and fleet operators with a variety of needs within the big car format.

A newcomer to the range announced with the 1982 models is the Granada 2.8 Injection, a sporting saloon of great appeal with high top speed, rapid acceleration, manual transmission, sports seating and external aerodynamic aids to meet the needs of the fast driver to whom performance, comfort and style are of equal importance.

The high standards achieved by these cars and the others in the Ford range owe much to the detailed design and careful engineering that go into the products. Almost as much, however, is due to the ongoing consultation with owners and other interested bodies, especially the operators of large car fleets, and the continuous monitoring of their requirements.

Market leadership of the kind enjoyed by Ford does not come about by accident. It is achieved through soundly planned, designed and engineered products offering a wide individual choice and meeting the broadest possible range of customer requirements.



The Ford of the Future? Probe III is the latest in a succession of design studies by Ford world wide and embodies a unique combination of aerodynamic features which together reduce the drag coefficient from today's average of 0.44 to 0.22. Unlike most show cars with a similar objective, Probe is based on a functional five-door, four seater family saloon containing full mechanised components and is the result of mainstream research effort rather than the Ford Ghia 'Think Tank' in Turin.

Teams of test engineers at the Dunton Research and Engineering Centre use computer-equipped Granada Estate cars which have been specially equipped to collect and record infromation from prototype vehicles on a wide variety of road surfaces.

The key that keeps you on the move

BY TONY SEMPER, MANAGER, FLEET AND LEASING OPERATIONS

In recent years we have seen substantial growth in car and van rental activities as both individuals and companies have become aware of the convenience of being able to obtain a vehicle of the type they want to do a specific job without having to actually buy it.

And it is not only in car and van rental that such benefits have become apparent. Short-term rental of anything from ladders to paint the house or pot plants to decorate an exhibit have become an accepted part of our way of life. The principle is, of course, that you don't want to or need to buy the items when you only have short-term use for them.

With vehicle rental the principle is equally effective. The private or business motorist has his own car out of service for repairs but he still needs to travel so he can hire a replacement for one day, for a week or more as necessary. He may hire for no other reason than that he needs a much larger car than his own to take a family or business party on a particular journey.

The goods vehicle operator usually has many more reasons for short term renting of vehicles. His own vehicles are off the road for service or repair, or possibly for accident repairs so he needs a temporary replacement to keep deliveries flowing to customers. Possibly he has a sudden influx of orders which cannot wait until his own vehicles are free. Or he may be involved in a business which suffers high seasonal peaks in summer or at Christmas when his own fleet cannot cope with the volume of orders over a period. Alternatively, he may suddenly have a need for a vehicle which is much larger than those he normally operates in his own fleet. All these and many more contingencies result in the need for a rented vehicle.

Ford Rent-a-Car Scheme

Ford has recognised the growing need among private and business users for a local vehicle rental service and consequently has franchised over 400 rental locations, based on its dealer network, which operate the Ford Rent-a-Car Scheme. A combined fleet of over 8,500 passenger cars and commercial vehicles is available from these locations providing the customer with a choice from a wide range of models to suit his own special needs.

By using the locations on its existing dealer network Ford knows that this gives the user a fully experienced and comprehensive back-up facility of sales, service, repair and parts supply. In essence the Rent-a-Car scheme is a natural extension of the dealer's personal service in his local area but with the national support of Ford.

Support Programme

Through the comprehensive support programme from Ford which includes documentation systems, insurance, motoring organisation cover, training, advertising and promotional material, the Rent-a-Car dealer is able to offer a reliable, professional service to the local private and business community.

Rent-a-Car locations usually have a wide selection of models available and they are rarely more than 12 months old. Furthermore, because they are supplied by a dealer specialising in Ford vehicles the level of maintenance is exceptionally high.

Vehicles are thoroughly inspected before each rental and a check list is provided to indicate to the customer the level of pre-rental inspection carried out. With vehicles that are nearly new and are fully maintained the risk of breakdown is minimal. However, AA or RAC breakdown (and sometimes recovery) service cover is provided so the hirer can be sure that in the unlikely event of a breakdown he will not be left stranded.

In any case, the national coverage of Ford Rent-a-Car is sufficiently comprehensive to ensure that arrangements can be made quickly between dealers to keep the business customers mobile. While the network does not offer a national scale of rates and one-way rental is not usually available, the level of co-operation between Rent-a-Car dealers is such that the requirements of national customers can be handled just as efficiently as those of the local businessman.

The availability of a vehicle rental service such as Ford Rent-a-Car can relieve fleet operators of many problems, not least those associated with the operation, control and maintenance of pool cars which are inevitably one of the fleet manager's worst headaches. Many firms operate pool cars within their fleets in order to keep essential users mobile while their own vehicle is off the road for service or repair and to cover for a whole range of miscellaneous one-off type errands and journeys by non-company vehicle users.

With the high costs of vehicle ownership and operation, maintaining pool cars is an expensive luxury which few firms can justify. Nevertheless, representatives, salesmen, service people and management staffs must have vehicles to fulfil their respective functions so the facility of being able to hire a vehicle for a short period to cover the necessary activities without having it standing around for unauthorised and random use by other people is a valuable alternative.

The cost of vehicle rental for specific purposes — to keep a salesman out selling or a service engineer maintaining customer equipment — can be significantly offset by the value of the work done with the vehicle. And for regular users who hire from Rent-a-Car dealers where they are fleet or account customers, special terms can be obtained for rental when a vehicle is in for service or repair.

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An alternative form of vehicle acquisition

David Low examines the pros and cons of leasing

The difficult financial situation which has affected most British companies over a number of years has led them to seek alternative ways of financing capital equipment acquisitions without having to dip into hard won reserves.

This is particularly true when it comes to vehicle acquisitions because for most companies both their commercial vehicle and company car fleet operations are ancillary to their main business activity. It is difficult, therefore, to justify the expenditure of what limited capital resources may be available on an ancillary activity when such funds may be required, and can be put to more profitable use in the main line activity, for example, by replacing or purchasing extra production machines or by expanding capacity.

Furthermore, borrowing capital for vehicle acquisition either from banks or finance houses is not always a suitable alternative. In the case of bank borrowing there are the problems of providing adequate security for the loan—not always easy if securities have been previously tied up for other purposes—and the fact that if capital is borrowed for vehicle purchase then the company's borrowing powers for other more important projects becomes limited or non-existent and consequently worthwhile opportunities may be missed. If vehicles are purchased with overdraft funds—which is hardly a recommended method—there is the danger of financial embarrassment should the bank find it necessary to recall or reduce overdraft limits.

Hire purchase as an alternative to bank loans has its merits but it has disadvantages too, such as the level of deposit required. Much depends on the financial status of the vehicle operator, his tax position and his particular requirements. It is true that hire purchase, with loan capital, enables the user to become the legal owner of the vehicle when the requisite repayment conditions have been met.

However, it is worth considering whether there is any merit, from a business point of view, in actually owning vehicles needed by the company. Surely the principal requirement is to have the full and exclusive use of vehicles? Ownership is a secondary consideration and to some extent an unnecessary luxury.

Alternative Method of Acquisition

Leasing is an alternative method of vehicle acquisition which does not involve capital commitment or ownership but it provides the user with the vehicles he needs, to his choice of specification, for his exclusive use for the period required.

There has been a tremendous growth in vehicle leasing in recent years because of the many advantages it offers and because of changing financial circumstances. The subject has received a great deal of publicity and with a wide variety of leasing schemes available the potential lessee may be forgiven a degree of confusion regarding the pros and cons of the proposals made by leasing companies anxious to secure business.

In essence, leasing is based on the concept of separating the ownership of property from its use. Vehicle leasing involves obtaining the use of a vehicle for rent over an agreed period without the lessee (user) ever acquiring title.

Lease Plans Available

Before considering the various benefits of leasing in detail, it is useful to examine the types of lease plan available. Generally, as can be seen from Table 1, they fall into two main categories: finance leasing and contract hire.

Finance leases are of the "Fixed Term," "Open Ended" or "Balloon" type. Each of these are frequently referred to by other names but the principles of administration and operation of the agreement tend to be the same irrespective of the exact name given to the plan.

With a fixed term or full amortisation lease, the lessor (leasing company) provides the finance, leaving the lessee (user) to deal with maintenance and to suffer the effects of depreciation. So when the lease terminates and all the lease payments have been made the vehicle is sold and the lessee receives all or most of the sales proceeds.

Open-ended leases work on the same basis but instead of holding the lessee to a fixed lease period whether he likes it or not, the agreement has built into it a scale of predetermined settlement figures which are applicable at periods (normally monthly) throughout the term of the agreement. Thus the lessee can either run the lease for the full term or opt out at an earlier date for a known settlement figure. When the vehicle is sold, if the sale proceeds exceed the settlement figure, the lessee receives the surplus amount. Otherwise he makes up the difference between the sale proceeds and the settlement figure.

Balloon leases again work on the same general principles but vary in that the periodic repayments during the life of the agreement are set at a low level with a large financial payment to be made to terminate the lease. The purpose of this is to reduce the lessee's expenditure during the period of the lease but to take from him the "balance" when the vehicle is finally sold, hopefully, for a good price which will cover the final balloon payment.

In the case of all these leasing arrangements it is important to note that the lessee is not permitted to purchase the vehicle from the leasing company upon the termination of the agreement. The primary lease period can be extended into a secondary lease during which time the lessee pays a nominal "peppercorn" rental but still at the end of the day he cannot own the vehicle. It must be sold to a third party—often a vehicle distributor who takes it in as a deposit on a replacement vehicle.

LEASING

FINANCING LEASING			CONTRACT HIRE	
Fixed Term or Full Amortisation Lease	'Open Ended' or Flexible Lease	Balloon Lease	Contract Hire with maintenance or Maintenance Lease	Contract Hire without maintenance or Net Finance Lease
Lessee bears depreciation and maintenance costs and risks	Lessee bears depreciation and maintenance costs and risks	Lessee bears depreciation and maintenance costs and risks	Lessor bears depreciation and maintenance costs and risks	Lessor bears depreciation risks
Lessee receives sales proceeds when the vehicle is sold	Lessee receives sales proceeds when the vehicle is sold	Lessee receives sales proceeds when the vehicle is sold	Lessor receives sales proceeds when the vehicle is sold	Lessor receives sales proceeds when the vehicle is sold
	Lessee pays a predetermined settlement figure in event of early termination at his option	Lessee pays "balloon" rental on termination after a predetermined period	Lessee returns vehicle and may pay "adjustment" Charges re: mileage and condition as agreed	Lessee returns vehicle and may pay "adjustment" Charges re: mileage and condition as agreed

Table 1: Showing alternative finance lease and contract hire arrangements

Method of Financing	Tax allowance available to customer: Passenger Car	Tax allowance available to customer: Commercial Vehicle
Cash Purchase	• Capital allowance: 25% of cost in year of purchase and each succeeding year (reducing) except where car costs over £8,000 • Balancing charge/allowance on sale	• Capital allowance: 100% of cost in year of purchase • Balancing charge on sale
Conditional Sale or Hire Purchase	• Capital allowance: 25% of cost in year of purchase and each succeeding year (reducing) except where car costs over £8,000 • Interest is chargeable against profits in year when instalments are paid • Balancing charge/allowance on sale	• Capital allowance: 100% of cash price in year when contract commences • Interest is chargeable against profits in year when instalments are paid • Balancing charge on sale
Leasing	• Rentals are chargeable in full against profits of the year in which the rentals are paid • Sales proceeds received as a refund of rentals and are taxable as an income	• Rentals are chargeable in full against profits of the year in which the rentals are paid • Sales proceeds received as a refund of rentals and are taxable as in income

Table 2: Tax allowances available with alternative methods of financing

The reason for this ban on lessees buying vehicles after a leasing period is that they will have received tax relief on the rental payments, then if they were to purchase the vehicle they would be entitled to tax allowances on the purchase price so in effect there would be double tax relief on the same vehicle which the Inland Revenue would not accept.

Contract hire is a different concept. There are two basic types of contract—"with maintenance" or "without maintenance." In both cases the arrangement is more akin to rental than to leasing but still the leasing provisions regarding tax relief apply.

When a vehicle is supplied on contract hire with maintenance, the lessor is responsible for the cost of maintenance and that of depreciation. He builds the projected costs of both into the rental payments which the lessee has to make periodically (usually monthly). In the case of a "without maintenance" contract, the lessor assesses the levels of depreciation and bears the risk of this but the lessee takes on the responsibility for maintenance costs which he pays as and when they arise while continuing to pay the periodic rentals.

The choice of whether to use a finance lease plan or a contract hire arrangement will depend largely on the ability of the user to forecast accurately future transport costs. If it is possible to predict resale values of vehicles with a degree of certainty a finance lease will suffice because the financial success of a lease is dependent on getting a good residual value. If, however, there is difficulty in forecasting these values and difficulty also in anticipating levels of maintenance expenditure then the benefits of contract hire begin to appear.

A contract hire plan with maintenance will give the user budgeted transport costs for a period which will assist him to calculate accurately his future cash flow position.

With both these arrangements, when the term of the agreement expires, the vehicle is returned to the lessor and the lessee may be charged an "adjustment" figure in relation to the condition of the vehicle and the mileage covered compared with the projection originally negotiated. The lessor disposes of the vehicle and keeps the proceeds of the sale.

Taxation

The taxation benefits also have an important bearing on whether to lease as an alternative to purchasing vehicles. Table 2 summarises the varying tax allowances available depending on the method of financing. Lease rentals are considered a normal business expense and can be charged direct to the revenue account. They are, therefore, fully allowable for tax purposes except in the case where a car costs over £8,000 when the tax allowance rentals are restricted by the application of a special formula.

If cars are purchased for business purposes, capital allowances would be given in most cases at a rate of 25 per cent per annum on a reducing balance basis. With hire purchase or conditional sale the allowances are the same except that the interest payments are also chargeable against profits.

On the other hand, where cars are leased, all the rentals are allowable subject to the £8,000 restriction above. The shorter the lease term the higher the periodic rentals become and the greater the tax allowances because tax relief will have been brought forward. The loss of the capital allowance is irrelevant for most cars since the annual allowance will equate roughly to the actual rate of depreciation.

When dealing with commercial vehicles the tax considerations are somewhat different because the first year tax allowance on purchase is a full 100 per cent of the cost whereas with a lease arrangement the tax relief is taken on the periodic rentals. The loss therefore of the big first year tax allowance could be a significant deciding factor against leasing.

Further Benefits of Leasing

In summary the ability to put vehicles on the road without capital involvement is advantageous to the fleet operator in several ways. It either saves him using capital reserves which can be put to better use or if he does not have the capital available it means he can still increase or up-date his fleet to enable him to operate more effectively. Leasing also saves him from using up any bank borrowing power he may have which again can be reserved for more profitable opportunities.

A further advantage of leasing is the way it is currently dealt with in company accounts. Since a leased vehicle is not an asset of the business it does not appear in the assets register and does not appear on the balance sheet as an asset. Consequently, the remaining outstanding rentals which have to be paid under the agreement do not appear as company liabilities as would, for example, the balance of hire purchase payments due. Hence the use of the term "off balance sheet financing" which is frequently used to describe leasing.

The fact that a leased asset and the attendant liabilities for future payments do not appear on the balance sheet is significant in two ways. First, it improves certain of the commonly assessed financial ratios, and particularly return on capital invested, since capital investments are not increased by leasing.

Secondly, by not appearing on the balance sheet as an asset or a corresponding liability, leased vehicles can be put into service at a time when there has been a policy decision to ban capital expenditure.

It has to be said that these two advantages may be shortlived. The accounting profession is now anxious to change balance sheet presentation methods to ensure that leased assets appear in future as such, and the contingent liability for future payments are also shown.

Leasing through Ford Dealers

Ford recognised the important part that leasing would play in vehicle acquisition when it introduced the Ford Leasing System in 1972. Since then it has grown in line with market demand and there are now over 300 Franchised Leasing Main Dealers throughout the country who can offer comprehensive leasing facilities to suit every operator's needs, irrespective of their fleet size.

These dealers are specially trained to provide professional advice and service to customers who wish to consider this form of vehicle financing.

A sale does not complete the transaction

Ken Pendergast, Director of Customer Service, writes on vehicle servicing

A vehicle manufacturer's reputation and that of its products are only as good, in a transport manager's eyes, as the service support that is available.

The cornerstone of any good service organisation is a reliable, well equipped and well trained national dealer body. If the confidence of an established international network can also be offered to any fleet owner whose vehicles operate on the continent, so much the better.

The 399 Ford Main Dealers and 134 Truck Specialist Dealers in Britain provide more than 26 million square feet of service facilities. With a further 817 UK retail dealers and almost 5000 additional dealers in Europe, Ford service is never far away whether the fleet operates locally or over long distances.

Well over 20,000 technicians are employed by dealers in Britain to meet the individual service needs of Ford customers.

As a sign of confidence in the future, figures recently compiled show that the Ford dealer network has invested over the past year £22 million in new and improved service facilities—a remarkable figure during a time of severe recession for the majority of service industries. But all the facilities and the most modern service tools and equipment that money can buy are only of value to a customer if the technicians carrying out the work are thoroughly trained.

Training

Service training has always been one of Ford's highest priorities since the opening of its first British manufacturing plant at Trafford Park, Manchester, 70 years ago.

Today, with some 5 million Ford vehicles on the road, Ford's service training philosophy has not changed.

The company has its own 50,000 sq. ft. Service Training College at Daventry, Northamptonshire. The premises form the hub of Ford dealer service training and represents an investment of some £2 million making it one of the finest and best equipped of its kind in the European motor industry.

The college provides 56 different courses imparting a wide range of practical skills and theoretical knowledge to Ford dealer service technicians. It also caters for the needs of fleet workshop personnel with ten courses covering the full Ford model range from Fiesta cars and vans through to giant transcontinental trucks.

Courses of four to five days' duration for fleet mechanics are conducted by a team of full-time instructors experienced both in the Ford product range and the specific needs of fleet users.

Where a greater level of knowledge is called for, fleet mechanics can also attend courses primarily designed for Ford dealers' own service technicians. Typical of the subjects covered are diesel engine diagnosis, electrical systems and equipment, braking systems, and manual and automatic transmissions.

Purpose-designed courses are also available when fleet owners require specialist training for groups of more than twelve students. The college maintains a close liaison with the Road Transport Industry Training Board to ensure that every course offered represents value-for-money and is eligible for a training grant.

Contract Confidence

Commercial vehicle and passenger service vehicle operators are more familiar than most with the headaches that regular truck and p.s.v. maintenance can bring. Commercial as well as *financial considerations* dictate careful planning of vehicle schedules to allow for routine services to be carried out, and to ensure that an operator satisfies the latest legal requirements. Documented evidence of regular preventive maintenance work inspections are necessary to meet this condition.

Record keeping and budget control are all part of the many responsibilities that today's fleet owners face. Ford truck service managers can help to take much of the hard work and worry off a fleet manager's shoulders with a scheme known as "Contract Confidence".

It provides individual fleet operators with a tailor-made vehicle inspection and service package that can often be pre-priced to ensure that a fleet maintenance budget can be established in advance.

Contract Confidence relieves the operator's transport staff of the time-consuming work involved in making service bookings. It also ensures that the statutory requirements of driver defect reporting and the logging of vehicle inspection work is carried out using the scheme's administrative back-up systems.

Extra Cover

Every fleet manager is under pressure to keep the maintenance and running costs of his cars and trucks within stringent budget limits. The recently introduced Ford "Extra Cover" optional warranty plan is one way that a fleet manager can ensure that his new Fords are kept on the road for up to three years with minimum risk of budgets being affected by unexpected repairs. The Extra Cover plan extends the normal *12 months' Assurance period* to 24 months with no mileage limitation or to 36 months with 60,000 miles maximum limit.

In the past twelve months Ford dealers have invested £22 million in new facilities and equipment

The plan is available on all Ford cars, light vans and Transits. It covers the failure, whether due to faulty materials or workmanship, of a wide range of mechanical and electrical components without limit to either the amount of any single repair claim or the number of claims that may be made during the Extra Cover period chosen.

The protection the plan offers does not stop at the replacement of components. Should a vehicle be off-the-road for more than 24 hours and there is a need to hire alternative transport, Extra Cover will take care of the costs up to a maximum of £10 a day and for up to three days. Should a driver need overnight hotel accommodation while repairs to his vehicle are completed then his expenses will be reimbursed up to a maximum of £30.

Protection is also provided when the vehicle is being used on a holiday abroad for up to four continuous weeks.

In addition to the security and peace of mind afforded to employees who may drive a company fleet covered by Extra Cover, fleet managers can confidently forecast more accurately vehicle expenses for the two or three years of ownership.

An extra "plus" for vehicles protected by the scheme arises when the time comes for disposal. Any remaining cover is transferable to the next owner without charge.

There are just a few qualifying conditions. Vehicles used or modified for racing or rallying or used for rental, hire or taxi services are excluded from the scheme. However, vehicles on lease for more than six months are *eligible. Regular servicing* of the vehicle by a Ford dealer according to the appropriate service schedules is a condition of the plan as is the need to submit a vehicle for an Extra Cover repair within seven days of a fault being detected.

The most appropriate time to discuss the benefits of the scheme with a Ford dealer is at the time of placing the order, though Extra Cover is available for up to 90 days from the date of registration.

These are just three examples of the way in which Ford and its dealers recognise the particular needs of the fleet owner. The work of the Customer Service Division team, however, starts before a design even reaches the showroom. Service personnel work closely with vehicle designers to ensure that the cost of workshop repair and service times are kept to an absolute minimum. Similarly they liaise with service equipment suppliers to encourage the design of improved, more efficient equipment and the supply of specialist tools. Ford also keeps in close touch with representatives of the insurance industry whose appraisal of both service and repair times as well as parts prices can have such an important bearing on insurance and overall operating costs.

All Part of the business

Len Jones, Director of Parts Sales

Among the many considerations that influence the professional fleet buyer the supply of parts in all its aspects is a factor which is now given growing attention. The reasons are plain enough. The cost and reliability of the parts themselves have an obvious impact on routine running costs, but equally important, their availability can play a significant part in the earning power of each vehicle. Idle transport can simply mean lost opportunities, whether it is through a salesman missing a crucial call or a truck failing to deliver production materials on time.

Ford and its dealers have always recognised this essential requirement and have accordingly invested heavily in the stocks, facilities, systems and skilled manpower to provide customers with the parts service every owner has a right to expect. Ford firmly believes that this is one of the reasons why its vehicles have dominated the fleet market for so long and aims to keep it that way by continuing to give operators a parts service that is second to none.

Biggest European Depot

The needs of fleet owners were very much in mind when the company decided in the late Sixties to centralise its parts warehousing and distribution facilities in one location. It eventually chose Daventry in Northamptonshire because of its central position, giving easy access to Britain's motorway network and airports as well as to suppliers in the Midlands. The Ford Parts Distribution Centre which opened in 1972, occupies a 138 acre site with 1.7 million square feet of warehouse space and is the largest depot of its type in Europe.

Carrying more than 85,000 different lines and processing 45,000 items a day distribution from the centre is controlled by a sophisticated computer system which operates 24 hours a day, monitoring and controlling stock and handling orders to serve over 1,200 Ford Dealers throughout the U.K.

Special facilities exist for dealing with emergency orders which by-pass the regular stock ordering system to enable despatch within 24 hours of receipt of the order. Additional facilities for same day collection are available to dealers and fleet owners in case of extreme urgency.

All this is essential to support the high level of sales Ford has in the fleet market and comes with the recognition that the fleet operator's prime concern is to keep vehicle downtime to a minimum.

Parts Packages

If fleet owners service their own vehicles a certain measure of in-house parts stocking is obviously necessary. The difficulty is in deciding the level of investment to make and knowing the most advantageous range of parts to be carried. Ford has therefore developed specific fleet owner programmes designed to provide a first class parts service through dealers, tailor-made to the fleet customer's individual requirements. Ford Fleet Parts Packages cover all aspects of the parts side of an operator's business including recommended stocking levels, usage analysis, inventory control and competitive discounts. At Daventry and "on the road," a team of fleet parts specialists is willing to discuss with individual fleet operators ways in which quality, costs, systems and, above all, fast supply can help save headaches for companies' transport workshops.

The Dealer's Role

Ford Dealers' parts departments play a vital role in the success of any fleet owners operation. The kinds of support they can offer to fleet workshops include:

* Delivery of parts, daily or even twice daily.

* The appointment of specially trained and responsible representatives and parts men who take personal interest in the fleets they serve.

* Comprehensive, up-to-date catalogues, technical bulletins and useful Ford and Motorcraft "all makes" parts literature.

* The regular review of fleet operators' parts stock holding to remove any unwanted or outdated parts.

* Stock advice — ensuring that less common parts are held in readiness at the dealership wherever possible.

* Assistance to fleet transport managers with advice on parts storage and stock control.

Should a company's fleet make regular trips abroad, Ford can offer parts and services through 6,000 dealers in Europe that no other manufacturer can match. Daventry sends urgently required parts to the Continent using air freight or express van. Over 100 tons of Ford and Motorcraft parts are exported to customers by these routes alone each month.

Instant Access

With the best will and the best parts service in the world no dealer can hope to hold in stock every part for every vehicle in the range at all times.

Consequently speedy communications and ordering systems are essential when a customer's vehicle is off the road for the want of a part. Two years ago, to meet this need, Ford introduced its Direct Order Entry System (D.O.E.S.) giving dealers instant access to the Daventry computer. By simply keying in his inquiry on a special computer terminal in his own parts department he is able to establish immediately the availability of any part and place his order at the same time.

The new system ensures that the order is processed with all speed, often achieving delivery a day earlier than by the methods its replaced using conventional telephone, telex or ansafone.

People Matter

Such examples of technical innovation, valuable as they are, do not deflect Ford from the belief that any successful parts operation depends ultimately on the people who run it and their dedication to the highest standards of service. If that simply seems altruistic it is undoubtedly reinforced by self interest. In the long run any company or dealership which undervalues the fleet business, or allows its staff to do so, will feel the effect in its financial results. Nor does complacency play any part in Ford thinking. With reputations hard to win and easy to lose it is constantly striving to remedy known imperfections and to find better ways of running its operation.

The Direct Order Entry System (D.O.E.S.) provides dealers with instant access to the Daventry computer

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Commercial vehicles that lead the field

David Hurst, Director of Truck Sales

...d's involvement in the com...rcial vehicle market, which ...s back to the very early days, ... grown steadily over the ...s, but more spectacularly ...ce 1965 when the Transit ...n and the D-Series truck ...ges were introduced. During ...same period Ford's special ...work of Dealerships, fully ...mitted to the sale and sup...rt of commercial vehicles, has ...o developed so that today ...re are 134 Truck Specialist ...alers of which more than 120 ...ve completely separate ...rpose-built facilities, with ...h individual Dealers' invest...nt representing in the order ...£1 million.

...The commercial vehicle mar... may be conveniently divided ...o three main segments — ...-derived vans (light commer...ls), medium commercials of ... tonnes and less, and heavy ...mmercials above that weight. ...n all three groups Ford is ... market leader, thanks to ...ing the most comprehensive, ...to-date range in its history ... the best Truck Specialist ...alers in the business.

...R DERIVED VANS

Ford's entries in this segment ... both closely based on best ...ling cars, the Fiesta and the ...y Escort. Together they ...ount for 40% of all car-...rived van sales so far this ...r, which is well ahead of ... other competitor and the ...t share that Ford has ever ...ieved in this segment.

...w Cost Fiesta Van

...a van, the Fiesta is capable ... carrying payloads of up to ... kgs with the style, perfor-mance and comfort of the car. Other obvious advantages, particularly in town, are its compactness, easy parking and fuel economy. Two power units of 957 or 1117cc provide power of up to 66 bhp. The smaller engine is available with a low compression ratio, if required, permitting the use of two star petrol.

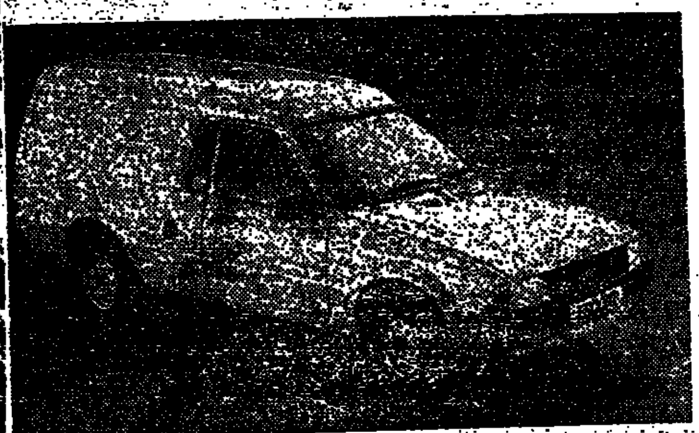
The engine and four speed gearbox are mounted transversely to permit the maximum amount of load space within a minimum overall length. Low cost of ownership, which won the Fiesta car a Design Council Award, is a feature of the van which commends it particularly to Fleet Owners. A comprehensive list of options ranging from head restraints to detachable sunshine roof, makes the Fiesta an ideal small vehicle where smart appearance is an important feature of the company's business, or where extra comfort and convenience are required for any private use.

Van of the Car of the Year

Like the Fiesta the new Escort Van is based on the best selling front-wheel-drive car equivalent, but with significant differences which enable it to carry maximum payloads of approximately 500 kgs, or 720 kgs (including driver and passenger) depending on the model. Its loadspace capacity (using the SAE method) is 94 cubic feet, which is better than any competitor among the car-derived vans. Three petrol engines, of 1117, 1295 or 1596 cc, producing net power of 55, 69 or 79 bhp respectively, give the customer varying combinations of economy and performance.

The smallest engine is similar to that used in the Fiesta Van and Car, whilst the two larger units are of Ford's all-new CVH overhead-cam design incorporating such features as hydraulic valve tappets and electronic ignition and are designed to keep maintenance to a minimum.

Although the front suspension is an identical design to that in the Escort car, the rear suspension consists of single taper-leaf, semi-elliptic springs with telescopic dampers. This arrangement has enabled a significant increase in rear axle load and improved payloads compared with the earlier Escort Vans. Likewise, body design improvements have enabled wider rear door access and lower floor height provision compared with the old model. Reflecting much of the design and style which won the Escort the title "Car of the Year 1981," the Escort Van is already making rapid inroads into the Fleet market.



...e front wheel drive Escort light van, powered by a choice of ...ree petrol engines of 1117 cc 1295 cc or 1596 cc is available ... two weight carrying capacities (engine availability dependent on model chosen).

Transit Popular, the latest addition to the Transit line up, a range which has sold more than 1.5 million units.

MEDIUM COMMERCIALS

Ubiquitous Transit

Rarely can any vehicle have dominated its market as much as the Transit does the medium commercial vehicle scene. Although now much changed, it was launched in its original form in 1965 and since 1967 has been Britain's best seller without interruption. So far this year it has taken 30% of all sales, maintaining its lead over any other two competitors combined.

The key to this success lies not only in the Transit's basic virtues but in its versatility. It comes in two sizes — short and long wheelbase — and eight load categories, ranging from 800 kgs to 1900 kgs. It is available with a regular choice of three petrol engines and a diesel, with manual or automatic transmission and alternative axle ratios. In addition to the van versions there are also Bus, Kombi and Parcel Van derivatives along with a choice of chassis cabs.

The four bus models range from 12 to 17 seats capacity and can all be factory fitted with a minibus pack to comply with the 1977 Minibus Act without further modification.

Another choice open to the customer is between the regular models and the higher equipment level of the Custom versions. For those seeking an extra low purchase price the Transit Popular, introduced in April of this year, sells at a very keen price and has already made its mark in the retail and fleet sectors.

There is a further range of options which can be ordered through Ford's Special Vehicle Operations, taking in items like V6 engines, overdrive, heavy duty suspensions — even bullet-proof windscreens.

Theoretically, it is possible to build three million different Transits without repetition. So far Ford has built one and a half million—not all different —but enough to make it Europe's most successful commercial vehicle in any class.

HEAVY COMMERCIALS

Ford first took leadership of the very competitive heavy truck segment (over 3.5 tonnes gross) in 1975. After a year in second place Ford regained the lead in 1977 and has maintained it by an increasing margin over the last three years, taking 23.5% of sales in 1980 and 1981 year-to-date share of 24.3%. Ford has achieved this dominant position in this highly competitive market with three truck ranges—the A-Series, the D-Series (now superseded by the Cargo) and the Transcontinental.

The A-Series was introduced in 1973 and bridges the weight band between the Transit at 3.5 tonnes and the lightest Cargo at 6.0 tonnes. Similar to the Transit in appearance, the A-Series provides excellent carrying capacity which, combined with a choice of up to four wheel-bases and one petrol and two diesel engines, help ensure that there is a suitable model for almost any application in the light truck segment.

Like Transit, ease of service is an important feature, and the normal control layout, wide opening bonnet and easy access help keep running costs low.

Cargo

The Cargo was introduced in March this year and represents an initial investment of £125 million in design, development and new plant in Britain.

The Cargo is an all-new efficient design, replacing the D-Series, which has consistently accounted for around 20% of all heavy truck sales, and currently ranges from 6.0 tonnes to 28.5 tonnes gross.

The early design stages of the Cargo followed in the wake of the oil crisis in 1974, so economy and low running costs were uppermost in the engineers' minds. Besides looking good the cab is aerodynamically efficient, as can be seen from the flared collar at the rear of the cab, the sharply raked windscreen and the absence of a roof drip-rail. Sideways visibility is enhanced by deep kerb observation windows.

The driver's working environment has been made as comfortable as possible. Cloth seat covering is standard, although a low cost vinyl is optionally available, and careful thought has been given to the need to stow documents by providing adequate storage facilities.

Internal noise never exceeds 80 or 81 dB(A) dependent on engine, and when specified with an optional insulation pack, the interior noise can be reduced even further. To help fuel economy a roof mounted air deflector and under-bumper air-dam are available. In addition, all engines can be fitted with fuel saving thermo-viscous cooling fans.

Cargo offers operators a wide choice of wheelbases and engine power. The basic line-up consists of two-axled chassis up to 16.25 tonnes gross, three-axled chassis of 24 tonnes gross and artics of between 17 and 28.5 tonnes GCM.

Engines offered are Ford's own 4 and 6 cylinder naturally-aspirated and turbo-charged units developing powers of between 79 and 150 bhp and 175 bhp.

The new, softer suspension design has been the result of particular attention, for besides providing a better ride for the driver it also helps to reduce road damage. Ford's determination to reduce running costs is particularly evident in Cargo's design. Typically, routine maintenance costs during 100,000 kms (60,000 miles) of use are some 30% less than D-Series, itself one of the cheapest vehicles to maintain in its class. All daily driver checks can be made quickly and easily from outside the cab.

For services and major repair work the cab is counter-balanced and easily tilted to 50 degrees. Lubrication/check services are required at 10,000 kms (6,000 miles) intervals with standard and major services required only at 30,000 kms (18,000 miles) and 60,000 kms (36,000 miles) intervals respectively. Typically, routine maintenance takes one-third of the time previously required to service D-Series so that, for example, during 36,000 miles of use on a turbo-charged Cargo the number of check items is 143, taking a total of 16.5 hours compared with the 515 items on the D-Series requiring 48.2 hours.

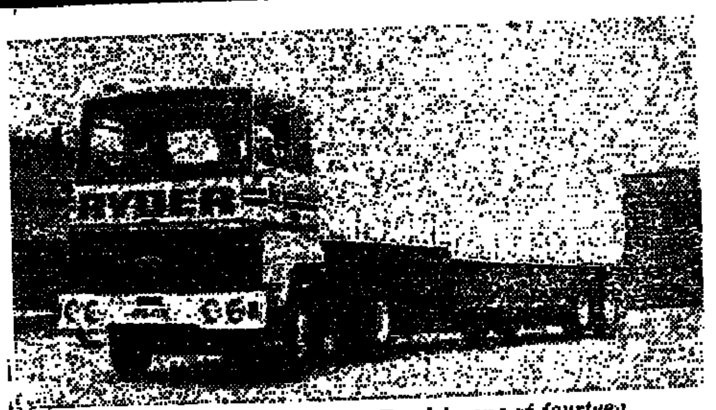
Ford's new Cargo, destined to become the U.K.'s top selling truck.

The Cargo has been designed from the start in conjunction with major bodybuilders and full approval for all types of demountable systems has also been given. The flat topped chassis frame, free from obstructions in the body mounting areas, greatly simplifies the fitment of all types of bodywork.

Ford's aim in the design of the Cargo has been to achieve high productivity, low cost of ownership and a high degree of safety and driver comfort. "Built to Combat Rising Costs" is the Cargo theme and this is translated into five year savings versus comparable competition of up to £3,000 per truck.

Already Europe's leading technical writers regard Cargo as more than a match for the best that Europe has to offer and in Britain this has been confirmed by initial orders taken from major fleets which are new to Ford in addition to those from customers with years of satisfactory D-Series service.

Transcontinental



Transcontinental 'Premium Truck'—one of fourteen recently delivered to Ryder Truck Rentals.

The Transcontinental is Ford's premium top-weight range. First introduced in 1975 the Transcontinental covers gross weights of 34 and 44 tonnes (limited to 32.5 tonnes by British legislation) with weights of up to 52 tonnes possible for special applications.

Transcontinental is powered by four versions of the Cummins NTE 14 litre turbo-charged diesel. Power outputs of 244, 284, 320 or 352 bhp are available to suit a variety of operations.

Transmissions are 9 or 13 speed Fuller Roadrangers and the rear axle is a single reduction Rockwell design.

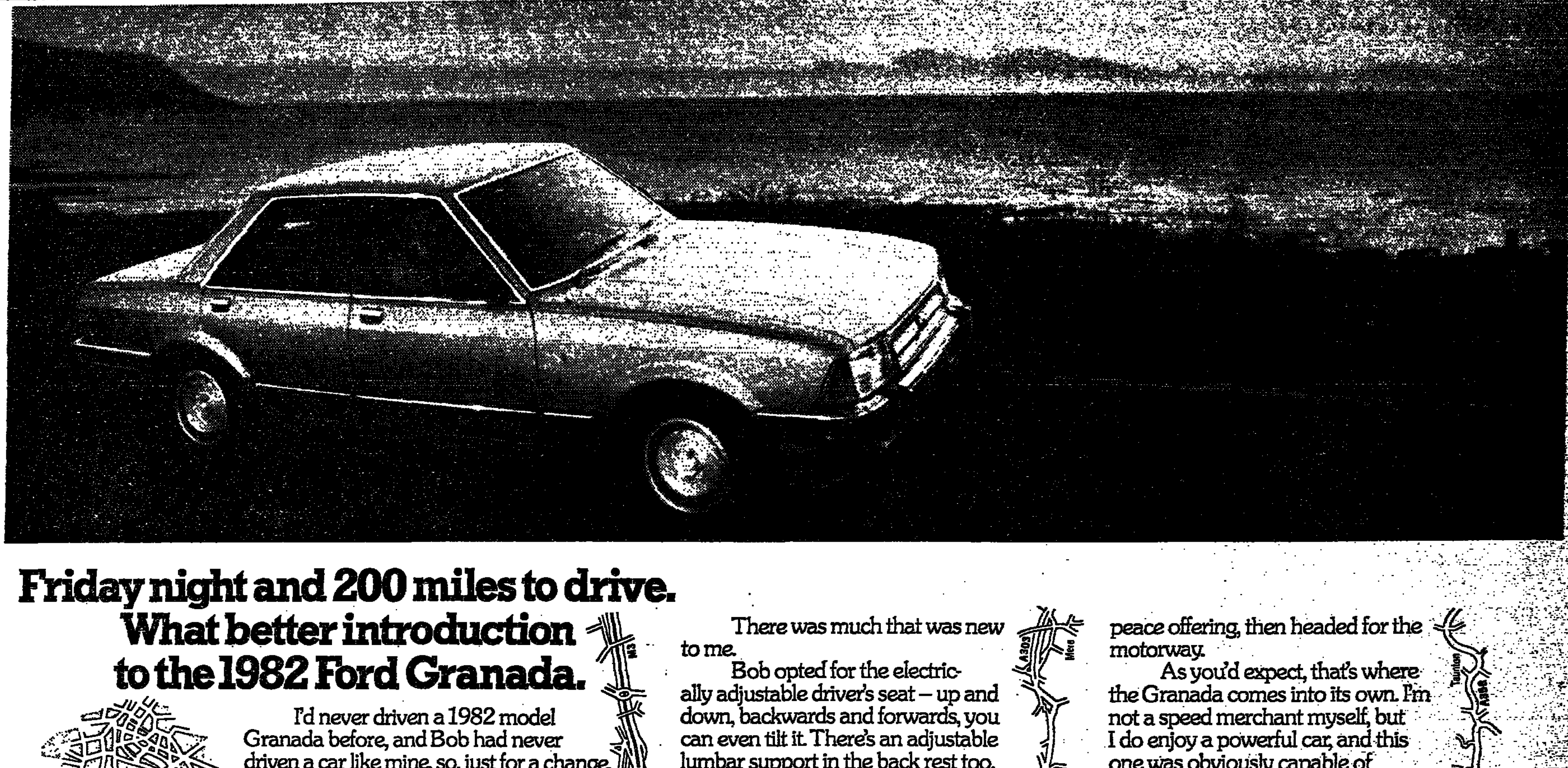
The cab is fully suspended on its own coil spring suspension to provide excellent driver comfort, even when unladen, and may be equipped with one or two bunks, as required. A wide range of factory fitted options enable the operator to tailor his Transcontinental to suit any operation. Operators of tanker fleets, for example, can order a full tanker package which relocates the exhaust pipe and provides the mandatory fire wall behind the cab, and insulated earth return wiring.

Initially most popular with owner drivers, Transcontinental has now established an enviable reputation for economy, reliability and durability amongst major Fleets, such as Unispeed (who specify Transcontinental for the haulage of Bird's Eye products) and Ryder Truck Rental.

So, Ford with its up-to-date product range and 134 strong Truck Specialist Dealer network is well able to provide the full range of commercial vehicles and service that Britain's commercial vehicle operators rightly demand. The Operator Support Services include "Ford Care" charge card and recovery service, "Ford Operating Cost Analysis System," "Contract Confidence" (Planned maintenance programme) and "Ford Code" bodybuilder liaison scheme, to name but a few.

Ford, as the market leader in all sectors of the commercial vehicle business, plans to stay ahead with investments in its commercial vehicle operations in the order of £500 million in the period 1981-1985, most of it in the United Kingdom.

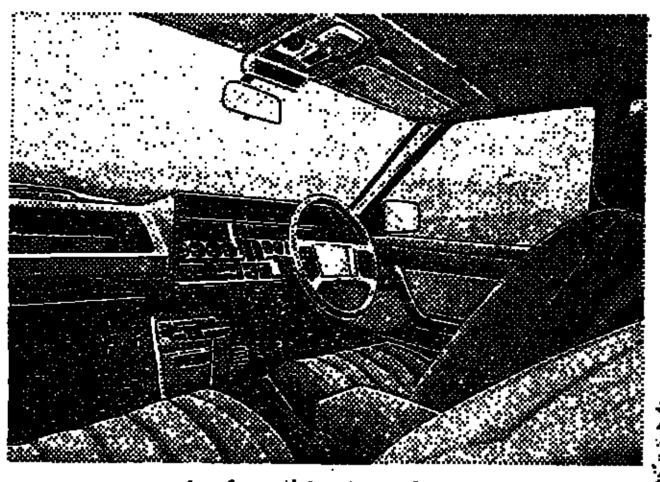
ADVERTISEMENT



Friday night and 200 miles to drive. What better introduction to the 1982 Ford Granada.

I'd never driven a 1982 model Granada before, and Bob had never driven a car like mine, so, just for a change, we decided to swop for the weekend.

His Ghia was waiting in my parking space when I left the office. Late as usual, Joanna wouldn't be amused.



At first glance, the new car looked almost identical to the previous model, but closer inspection revealed some subtle changes. As time went on I found they rather grew on me.

The grille had fewer, but broader, slats, which apparently improve its aerodynamic penetration. And the bumpers wrap further round the wings than before. Functional changes rather than decorative, but that's typical of Ford these days.

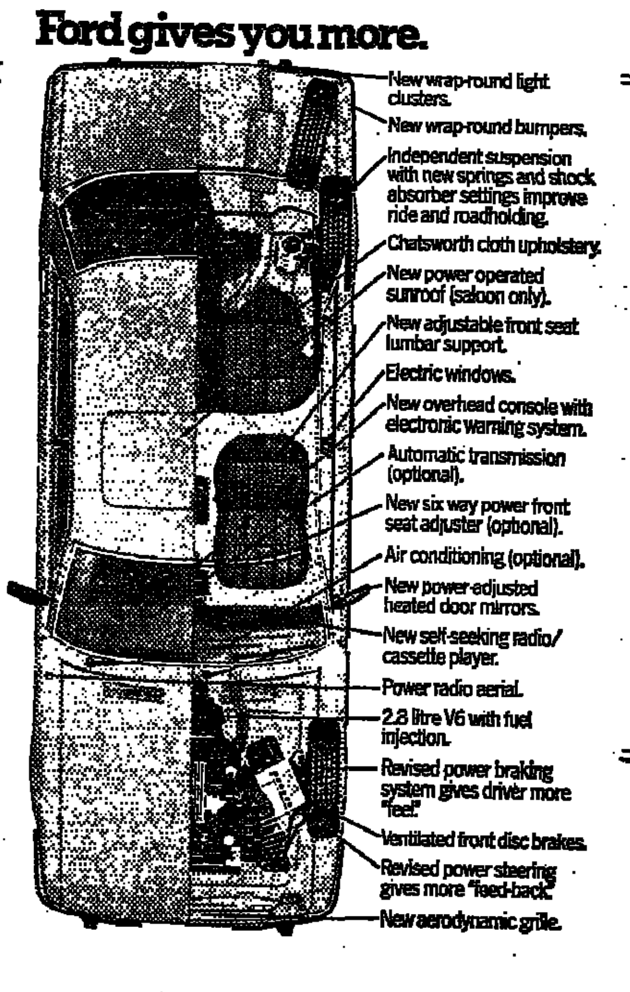
It's my impression that they only alter their cars when they know they can make a genuine improvement. And then only when the technology involved has been thoroughly tested.

But back to the Granada.

The driver's door clunked shut with a nicely engineered feel, closing out the trials of the week.

I noticed that the courtesy lights stayed on for a few seconds to give me time to make myself at home.

Ford gives you more.



There was much that was new to me.

Bob opted for the electrically adjustable driver's seat – up and down, backwards and forwards, you can even tilt it. There's an adjustable lumbar support in the back rest too. And the upholstery is made of a restful material called Chatsworth cloth. All in pleasantly muted colours.

The door mirrors are electrically controlled as well, and heated so that they don't mist up.

I counted no less than six dials and sixteen switches in front of me, but the beauty of it is that everything is arranged so logically that it only takes a second to find your way around.

Another feature I hadn't encountered before was the electronic warning system which keeps a check on all the car's fluid levels and even on its brake pad wear. (As I invariably find that my windscreen washer bottle runs out just as the sun is setting in my eyes, that was a little bit of technology that I'd be grateful for.)

In a Ghia, the system is housed in an overhead console along with the electric sunroof control and two swivelling map reading lights like the ones you get in an aeroplane.

Time to get moving. The engine, a splendid V6 with fuel injection, started with a distant hum and ticked over so smoothly that I found myself looking at the rev counter just to confirm that it was still running.

I eased out into the traffic feeling very conscious that I was driving someone else's car, something that always makes me a little anxious.

I needn't have been. Big though the Granada is, it seems to shrink in traffic. From your commanding position behind the wheel, you can see all four corners of the car, which always inspires confidence. And the power steering is so quick and light that you can slip through the narrowest gaps without flinching. Incidentally, the faster you go the less power assistance there is, so the steering doesn't lose its "feel" at speed.

I stopped at the flower stall as usual ("Not another new car, Guv?"), bought my peace offering, then headed for the motorway.

As you'd expect, that's where the Granada comes into its own. I'm not a speed merchant myself, but I do enjoy a powerful car, and this one was obviously capable of cruising way above the legal limit.

I soon settled down to my usual pace, roof open, evening sun on my face and an old Cannonball Adderley tape on the stereo wishing I was twenty again.

However, as I joined the 303, my enjoyment was interrupted by a bank of black clouds. Why does it always have to rain when I'm going to the country for the weekend?

The Granada didn't seem to mind though.

According to Bob, Ford have adjusted the spring and shock absorber rates in the all independent suspension, which has not only made the ride even smoother, but has also battened down the roadholding. The low profile tyres have terrific grip too.

It reminded me of an article I read in an issue of Car, which said that the Granada now "outhandles some of the best cars in Europe." Since they were comparing it with BMWs and Mercs I had been a little sceptical, but now I wasn't so sure.

The corners didn't feel as sharp as usual to me, even in this weather, with the road made greasy by falling leaves.

As I neared home, cocooned in the warm cockpit, the instruments glowing softly, and the powerful headlights throwing a tunnel of white light through the rainy darkness, I couldn't help wondering whether Bob was enjoying my car as much as I was enjoying his.

As it turned out, he hadn't been. And I've been feeling slightly annoyed with myself ever since.

I wish I'd thought to try a Granada before I bought the car I did.

FORD GRANADA

Bowthorpe up halfway and confident

A RISE in taxable profits from £4.61m to £5.51m is reported by Bowthorpe Holdings for the first six months of 1981 and the directors are confident that the full-year figure will exceed the previous year's record £9.05m.

First-half sales increased from £28.34m to £31.96m. The group makes components and accessories for the electronic, telecommunications, aerospace and electric supply industries.

The directors are raising the interim dividend from 1.383p to 1.521p net and in the absence of any adverse circumstances, their policy is one of increased dividend distribution—last year's total was 2.961p.

Action taken has enabled the group to maintain profit levels in the majority of its trading companies and divisions, while others have exceeded expectations. The fall in sterling has also benefited consolidation and conversion from foreign currencies.

Problems still exist, especially over the delay by the Government in authorising the placing of defence contracts and by its policy of tight money control.

The directors anticipate that there will be a gradual upturn in the world economy in 1982 and say the group is well placed to benefit from this. It is, however, too early to forecast and quantify the measure of gain the group will achieve.

Interest charges were down from £116,000 to £81,000, while share of associates' profits rose from £627,000 to £799,000. Tax took £2.53m (£2.43m) and after minorities, the attributable surplus was £0.53m higher at £2.98m. Stated earnings per 10p share improved from 6.1p to 7.4p.

Current cost accounting reduces half-year taxable profits to £4.37m.

● comment

Bowthorpe has once again done better than forecast and the shares advanced 12p yesterday to 172p. The main boost to profit is coming from the supply of electrical components for defence equipment. The £172,000 increase in the associates' contribution, for example, comes almost entirely from Deutsch SA in France. In the UK, Hellermann Deutsch profits are well ahead despite the group's complaints about delays in Government authorisation of defence orders. Overall margins have improved slightly following consolidation of production at Hellermann and Bowthorpe. EMP last year while a more favourable exchange rate may account for about a quarter of the total profit rise. For a change, the directors are being mildly optimistic about the outlook and, if all goes well, the group might make £10.5m before tax in the full year. At that level, the prospective fully taxed p/e would be about 14. The statement suggests that the final dividend might be raised a little more than the interim. If the total is 3.5p, the yield would be just under 3 per cent.

Optimism on future for OEM

A REVERSAL of the downward trend of the 1980 second half has brought pre-tax profits for Office and Electronic Machines, distributor of typewriters, calculators and word processors, to £1.3m in the six months to June 30, 1981, although still 5.1 per cent lower than the comparable £1.37m.

The interim dividend is being repeated at 2.5p net per 27p share, last year's total was 7p on taxable earnings of £2.52m. Earnings per share this time are stated as 11.68p (10.75p).

Group turnover, excluding VAT, was down 6.9 per cent at £11.43m. Mr W. F. J. Gardiner, chairman and managing director, describes the results as "encouraging" given the difficult trading conditions.

"With new electronic products already launched and further products soon available, we are confident that our market share will be maintained," he says.

Tax took £585,503 (£713,253) and, after deducting for the dividend, £562,493 (£505,266) is retained.

Mr Gardiner foresees a continued improvement in trading for the second half provided the economic climate does not deteriorate further.

Grattan ahead at £2.8m after lower interest

SUBSTANTIALLY REDUCED interest charges have led to increased first-half taxable profits at Grattan, the Bradford based catalogue mail order business, despite lower trading profits and larger exceptional costs incurred in its modernisation programme.

Pre-tax profits for the period from February 1 to August 15 1981 rose from £2.3m to £2.77m after interest of £354,000 (£2.09m) and modernisation costs of £1.57m (£788,000). As predicted sales were lower, amounting to £92.76m excluding VAT as against £110.15m, though improved margins meant that trading profits fell proportionately less from £5.17m to £4.7m.

The interim dividend is being maintained at 1.866p net per 25p share—last year a total of 4.116p was paid on profits before tax of £3.11m.

The directors say the modernisation costs included redundancy payments to 500 staff, and that there will be further staff cuts in the autumn and winter which will take these exceptional costs to more than £2.5m.

Looking to the second half they say that in the continuing difficult market conditions it is too early to forecast the outcome of the autumn/winter catalogue which will be determined by pre-Christmas demand.

The installation of the new computer and the commencement of the first of the new programmes was completed on schedule and some benefits have already begun to accrue.

Bad debt write-off and provisions totalled £2.33m compared with £3.14m in the same period last year and a similar trend is expected in the second half.

Tax for the six months took £1.44m (£1.2m) leaving net profits of £1.33m (£1.1m).

See Lex

Sheffield Twist loss over £0.9m

The losses incurred by the Sheffield Twist Drill and Steel Company in the second half of 1980, which left the group with a taxable deficit of £84,000 for the year as a whole, have continued.

For the six months to June 30 1981 there was a pre-tax loss of £919,000, compared with a profit of £692,000 for the corresponding half-year. Turnover was lower, slipping from £15.43m to £14.13m.

The directors say the result of measures taken has reduced the cost of the group's operations by increasing the efficiency with which it uses resources. However, they say the immediate outlook remains uncertain, particularly in view of the recent sharp increase in interest rates.

There is again no interim dividend. Tax took £81,000 (£204,000) and there were extraordinary debits of £184,000 (nil).

The company's issued equity capital is owned by SKF Investments.

First-half surge for Air Call

A DOUBLING of first-half taxable profits has been achived by Air Call, the message handling and medical deputising service which has joined the Unlisted Securities Market.

On turnover up from £5.54m to £6.79m, pre-tax earnings in the six months to June 30 1981 were £437,000 compared with £210,000.

The chairman, describing sales of radio telephone and paging services as very satisfactory, says: "The prospects for further development of our communication services look exciting."

The interim dividend will be 1.85p net per 25p share, against the 0.525p paid last time and 1.575p which the chairman says would have been paid had the proceeds of the May 1980 issue been available for a full year.

Earnings per share, given as 7.93p (5.44p), are calculated before a £178,000 credit in respect of extraordinary items.

Tax, nil last time, was £131,000 provided at the rate expected to apply to profits for the full year.

London Shop shows slight fall but raises payment

TAXABLE PROFITS of London Shop Property Trust fell marginally from £1.14m to £1.09m for the year to April 30 1981, after lower interest of £0.79m, against £1.26m. Gross income dropped from £2.4m to £1.88m.

The final dividend, however, is being stepped up from 2.15p to 2.75p net for a total of 3.75p (3.1p) per share—an increase of almost 21 per cent.

The company is confident that the financial position is such that ordinary holders can look forward to a satisfactory trend of increasing dividends over the next few years.

The company's financial position has been further strengthened and a better base has been provided for future growth, the Board states. Net borrowings and interest charges were again reduced through sales of properties which did not fit well into the portfolio or where advantageous terms could be obtained.

As a result, the cover for dividends is no longer dependent upon property trading profits and the cyclical results of the housebuilding activity.

Tax charge was £208,000 (£221,000) and stated earnings per 25p share slipped from 7.1p to 6.8p. There were extraordinary credits of £437,000 (£1.14m).

Ordinary shareholders' funds as at April 30 1981 were £24.94m. On a diluted basis, this figure would be £31.56m, equivalent to 176.5p per ordinary share.

Broadland Properties, an associate of McLeod Russel, has acquired 286,492 ordinary shares of London Shop Property—equal to 2.36 per cent. At yesterday's closing price for London Shop of 103p (up 2p) this stake is valued at £295,086.

In addition Broadlands has acquired £10,500 6¾ per cent convertible loan stock 1984. McLeod Russel already owns 2,427,962 ordinary shares of London Shop (20 per cent) and £351,925 of the loan stock.

CANNING GLASS

Holders of Canning Town Glass 12 per cent debenture stock 1991-96 at a meeting have passed an extraordinary resolution for the repayment of the stock.

Ferry Pickering lower

A FALL in profits was shown by the Ferry Pickering Group for the year to June 30 1981, the pre-tax figure emerging at £1.24m, compared with £1.43m on turnover up from £7.55m to £7.68m.

In his interim report the chairman said that an increase in demand was being experienced which, if sustained, would justify quiet confidence. Second-half pre-tax profits were £582,469 compared with £686,946.

The final dividend is 1.6p (same) giving a repeated net total of 2.6p. A 1-for-10 scrip issue is also proposed.

Dividends absorb £229,534 (£222,446) leaving retained profits of £546,886 (£609,250).

The pre-tax surplus included interest and rents received.

Stated earnings per 10p share were lower at 8.96p (9.746p).

Tax was down at £446,916 (£601,563), minority interests came out at £2,049 (£1,687) and there was an extraordinary debit of £11,093 (nil) for reorganisation.

Silvermines boosted £2m by share sale

An exceptional profit of I£2.05m realised on the sale of around half its holding in Aran Energy, has boosted pre-tax surplus of Silvermines from £0.76m to £2.99m for the first half of 1981.

Operating profits improved from I£163,850 to £215,731. In addition to the exceptional item, the pre-tax result included a share of associates' profits of £725,850 (I£592,280).

Tax charge more than doubled from £443,145 to £997,274, giving an after-tax balance of £2m (£312,985). Stated earnings per 25p share jumped from 3.72p to 18.44p.

The net interim dividend is being stepped up from 1p to 1.5p net, costing I£162,000.

The company benefitted, for the first time, from income generated through its investments in the Marathon Royalty and industrial property. In addition, Royalty income from the Magcobar Barytes mine production showed an improvement.

Lower income expected at Scottish and Mercantile

As present liquid funds are being used for investments with longer term objectives it may, in the short term, be necessary to accept a level of income lower than the high return now receivable on cash deposits, Mr Dennis Poore, the chairman of the Scottish and Mercantile Investment Company tells members in his statement for the six months to March 31 1981.

He adds that in the interest of improved profit in later years it may not be possible to maintain the level of dividend in the immediate future—for the six months to March 31 1981 5.5p net was paid, compared with 5.35p for the half year to September 30 1980 and 5.2p for the previous year.

At March 31 1981 the market value of the investment portfolio was approximately £12m which contained an unrealised appreciation of £7.25m. Including this figure the net underlying assets of the company, after taking preference share capital and minority interests but before providing for tax on £222,000 of unrealised capital gains made by a subsidiary company, amounted to 275p per ordinary and A ordinary share.

The results for the six months to March 31 1981 (the company has changed its accounting date from September 30), were reported on September 18. The accounts show bank balances of £1.16m (£5.88m at September 30 1980) and net current liabilities of £973,396 (£3.91m assets).

Growth in new money raised

The amount of new money raised in the UK by the issue of marketable securities in September was £327.2m, according to Midland Bank. This compares with £272.8m in August and £207.3m in September 1980. The total raised in the year to date is £2.87bn compared to £1.35bn in the whole of 1980.

In September, 17 company issues raised £275.3m, the largest being rights issues from Trusthouse Forte (£87.2m), BICC (£60.7m) and John Brown (£24.9m). Nippon Electric raised £30m in sterling convertible bonds.

Two bulldog bond issues accounted for nearly £61m of the total £88.8m raised for overseas. Only five local authorities raised £3.3m compared with 10 raising £63.3m in August.

Austin Reed down to £0.21m at six months

Taxable profits of Austin Reed Group, the clothing retailer and manufacturer, declined from £370,000 to £208,000 for the 28 weeks to August 15 1981 on marginally improved turnover of £21.88m, compared with £21.06m.

The directors say the group fought hard to maintain sales and useful gains were made in the new ladies departments. However, despite improved margins due to cleaner stocks, the failure to achieve any volume increases in men's clothing badly affected the results.

On the outlook they say retail sales in September have shown a better trend but "an early or lasting improvement in business still looks fairly remote." However, the recent weakening of sterling "offers better prospects for tourist trade as well as for exports and royalty income."

The net interim dividend is being maintained at 0.9p per 25p share—for the year to January 31 1981 a total of 3.36p was paid from pre-tax profits of £1.76m.

There was again no tax charge for the half-year.

Two small retail businesses acquired in the early part of the year made a modest contribution to group profits and abroad, the group's shops in Holland traded profitably but the Swedish branches lost money due to the renewed economic problems in that country, the directors say.

The manufacturing division achieved profits comparable with last year and Chester Barrie again produced satisfactory results.

TV SOUTH

Television South, which recently acquired the franchise from the Independent Broadcasting Authority for the south and south-east area, has secured development finance of £15m for its new studio headquarters at Vinters Park, Maidstone.

The site comprises about 11 acres and the studios will occupy 88,000 sq ft in total. Funding for the project was arranged by First Leasing Consultants.

Television South will commence transmissions in January 1982.

London listing obtained by Allianz

ALLIANZ Versicherung, the leading West German non-life insurance group, which earlier this year bought 28.1 per cent of the shares in Eagle Star, has secured a listing for its shares on the London Stock Exchange. Trading starts today.

Allianz hopes to start talks with Eagle Star about ways in which the two companies can work together to the advantage of both sets of shareholders. However, talks on possible working arrangements are unlikely to start for several months, until Allianz's purchase of Eagle Star shares has been cleared by anti-trust authorities in Germany and elsewhere.

Allianz indicated yesterday that there was no great urgency in getting talks under way. The group said that its experience with minority shareholdings around the world had been good, and it did not see why the same should not apply to Eagle Star.

The UK company hotly opposed Allianz's purchase of its shares. Its current attitude is described by Allianz as "guarded."

The German group's international business has expanded rapidly in recent years. The proportion of worldwide premium income attributable to foreign business has risen from 3.5 per cent in 1975 to 12 per cent in 1980. Worldwide premium income in 1980 was DM 11.6bn.

The group does not disclose fully consolidated figures, although it intends to do so within the next four or five years. Its reported premium income last year was just under DM 5bn. The prospectus shows that a reported pre-tax profit of DM 443.8m rises to DM 561.1m on a UK basis of accounting. Allianz expects further satisfactory results in 1981.

COMPANY NOTICES

TOKYO SANYO ELECTRIC CO., LTD., (CDRs)

The undersigned announces that the Semi-Annual Report for the six months period ended May 31, 1981 of Tokyo Sanyo Electric Co., Ltd. will be available in Luxembourg at: Banque Générale du Luxembourg S.A. and further in Amsterdam at: Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope NV, Pierson, Heldring & Pierson N.V., Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam
September 28, 1981.

SVERIGES INVESTERINGS BANK AB (Swedish Investment Bank Limited) 7½% U.S.$ BONDS 1980/1987

S. G. WARBURG & CO LTD., announce that the instalment of Bonds for a nominal value of U.S.$1,000,000 have been purchased in full for the redemption due on 1st November, 1981.

U.S.$9,500,000 nominal bonds will remain outstanding after 1st November, 1981.

30, Gresham Street,
London EC2P 2EB.
2nd October, 1981.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

3½% Debenture Stock, 1963-93
13% Debenture Stock, 1997-99

Notice is hereby given that the Registers of the Corporation's above-mentioned Debenture Stocks will be Closed for Transfer and Registration from the 19th to 30th October, 1981 both days inclusive.

By Order of the Board
H. J. McTURK,
Secretary.

48 Palmerston Place,
Edinburgh EH12 5BR.
2nd October 1981.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS relating to the 6½% FIRST MORTGAGE DEBENTURE STOCK 1979-81 will be closed on the 16th October 1981 for payment of the half year's interest to 31st October. This will be the final payment of interest prior to redemption of the Stock on 31st October.

By Order of the Board
G. T. LOWNDES, Secretary

INDUSTRIAL BANK OF FINLAND LIMITED

9½% 1975/1983 GUARANTEED BONDS UA 15,000,000

Bonds of the amount of UA 2,700,000 have been drawn on September 18, 1981 in the presence of a Notary Public for redemption on November 7, 1981.

The following Bonds will be reimbursed coupon No 7 due on November 7, 1982 and following attached:
5315 to 8014 incl.

Amount purchased on the market UA 300,000.

Amount unamortised UA 9,000,000.

Outstanding drawn Bonds:
1223 to 1230 incl., 1245 to 1247 incl., 1283, 1289 and 1290, 1319, 1321 to 1327 incl., 1331 and 1332, 1334, 1350 and 1351, 1368 to 1372 incl., 1376 and 1377, 1382 and 1383, 1431 to 1434 incl., 1448, 1463 to 1480 incl., 1510 to 1515 incl., 1536 and 1537, 1539 to 1556 incl., 1577 to 1580 incl., 1582 and 1583, 1592 and 1593, 1600 to 1606 incl., 1629, 1653, 1665 to 1668 incl., 1670 to 1689 incl., 1734 to 1738 incl., 1743 and 1744, 1780 to 1785 incl., 1811 to 1814 incl., 1820 to 1822 incl., 1844, 1858 to 1860 incl., 1932 to 1935 incl., 1950 to 1952 incl., 1976 to 1980 incl., 2006, 2020 to 2022 incl., 2079 to 2085 incl., 2104, 2120, 2419 to 2422 incl., 2488 to 2491 incl., 2516 and 2517, 2522 to 2530 incl., 2565, 2577 to 2580 incl., 2602 and 2503, 2608 to 2611 incl., 2615 to 2617 incl., 2630, 2632 to 2638 incl., 2642 to 2664 incl., 2675, 2682 to 2689 incl., 12097 to 12104 incl., 12474, 12572 and 12575, 12617.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
October 2, 1981.

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LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

RUSHMORE MARKETING SERVICES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Wednesday, the 14th day of October 1981, at 12 noon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 24th day of September 1981.

By Order of the Board,
D. FOSTER, Director

EXHIBITIONS

GLASS ENGRAVERS GUILD Annual Exhibition, Libertys, Regent St., London W1. Oct. 1-14. 9.30-5.30 Mon.-Sat., Thurs. till 7. Demos daily 12-2.30.

TRAVEL

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MEMORIAL SERVICE

DONALD TYERMAN, CBE. A Memorial Service will be held for Donald Tyerman, Editor of The Economist from 1956-65, at 11.30 am on Tuesday, October 6th at St. James's Church, Piccadilly.

PUBLIC NOTICE

LOCAL AUTHORITY BILLS

£4m Warwickshire C.C. placed 30th September due 30th December, 1981, at 15½%. £11m bills outstanding.

£400,000 Gravesham B.C. issued 30th September due 30th December, 1981, at 15½%. Applications totalled £2.8m. £400,000 Bills outstanding.

PLYMOUTH CITY COUNCIL

Bills £0.5m issued 30th September, 1981 at 15½% due 30th December, 1981. Total applications £3.5m. Bills outstanding £0.5m.

Companies and Markets

BIDS AND DEALS

Midland bid for U.S. bank oversubscribed

BY DAVID LASCELLES IN NEW YORK

Midland Bank's US$820m bid for control of Crocker National Bank of California—the largest takeover in U.S. banking history—has drawn a massive response and is heavily oversubscribed despite initial shareholder hostility to the terms.

Midland said here yesterday that a preliminary count after the bid expired on Wednesday night showed that securities representing or convertible into about 13.5m Crocker shares had been tendered. This amounts to more than 85 per cent of Crocker's fully diluted outstanding stock.

However, Midland is at this stage only bidding for 6.5m, which suggests that the proportion will be less than 50 per cent, though the exact figure will be announced later, Midland said.

Although many Crocker shareholders have complained about the terms of the deal, stocks in U.S. banks have been weak recently because of the high level of U.S. interest rates, and most stockbrokers advised their clients to accept the Midland offer. The terms are $50 a share or book value, whichever is the lesser. Book value was $49.33 per share on June 30.

The next step in the three-stage takeover involves the purchase by Midland of 3m newly issued Crocker shares for $90 a piece. Finally it will buy another 2.5m new shares for the same price over a four-year period. This will bring Midland's stake up to about 57 per cent.

There is also provision for Midland to buy more shares if dilution reduces its holding below 51 per cent.

Much of the Crocker shareholder dissatisfaction was over only being offered book value, while several other California banks were being taken over for two or three times book value.

However, the other deals involved considerably smaller banks. Crocker management strongly backed the deal on the grounds that it will give Crocker a huge infusion of equity capital and a sharp boost to growth.

With assets of $19.6bn, Crocker is the fourth largest bank in California and number 13 in the U.S. as a whole.

Ward White may bid for Hiltons

Ward White, the shoe manufacturing group, is considering making a cash bid for Hiltons Footwear, the Leicestershire footwear retailers.

The announcement that Ward White has turned its attention towards Hiltons comes four days after that company revealed plans to merge with Leicestershire footwear retailer George Oliver (Footwear).

Earlier this year Ward White considered making a bid for the shoe retailer K Shoes but talks between the two companies proved fruitless. Ward White subsequently sold the 14.85 per cent stake in K Shoes acquired in the October 1980 raid for a £998,000 profit.

Under the terms of the proposed merger a new company would be formed which would then purchase the shares of both Hiltons and Oliver. The merger which has the approval of 53 per cent of Oliver shareholders and 37.1 per cent of Hilton's would leave Oliver shareholders with an overall stake of 57.5 per cent and Hiltons with a 42.5 per cent stake.

On January 30 1981 Hiltons had net assets per share of 163.3p while Oliver as at December 31 1980 had net assets of 171.8p.

Mr Philip Birch, Ward White's group managing director and chairman elect, said yesterday that the company had made an oblique approach to Hiltons some time ago and when he heard about the proposed merger, he thought the shareholders might be tempted by a cash offer.

Although he said that Ward White would also be interested in buying Oliver he thought this was unrealistic as the Oliver family hold 57 per cent of the company's shares and had supported the merger.

Ward White announced its interim figures for the six months to June 30 1981 yesterday showing a fall in pre-tax profit to £1.455m as against £1.8m. Borrowings in the UK have been virtually halved and Mr Birch says the company is well-placed to finance the purchase of Hiltons.

Morgan Grenfell, the merchant bank advising Ward White, said only a few Hiltons shares were acquired and that it had not been unable to shake out shareholders by buying in the market. In the light of this Ward White would have to decide whether or not to withdraw as it had done in the case of K Shoes. Hiltons shares added 34p to close at 104p, giving a market capitalisation of £6.4m.

Mr Birch said the company had been offered sizeable quantities of shares but had decided to await the market's reaction to the proposal before buying.

Mr Birch said Ward was keen to merge Hiltons' 198 retail outlets with its own Wyles chain store. The distribution division of Ward White, which includes its retailing activities, made a small trading loss at the interim.

Mr Christopher Hilton, Hiltons chairman, told shareholders to take no action and said he was seeking advice. A meeting between the two parties is expected today. He stressed that Ward White had yet to make a formal offer.

Mr I. D. Oliver, chairman of Oliver, said he was "deeply concerned that a natural marriage of the two companies, Hiltons and Oliver, which is to the advantage of shareholders, employees and customers, should be interfered with at this stage."

He had not been approached by Ward White and said under no condition would he consider a bid or merger with anyone else. Oliver's shares added 10p to close at 100p, at which level the market capitalisation is £1.35m.

Ward White also announced it had acquired from the receivers of the Norvic Group the assets of the children's shoe division of Norvic Securities and the trade name Kiltie Shoes. Mr Birch said he thought Ward White could make the children's shoe division profitable and that he planned to introduce a range of shoes available in different widths.

Pre-tax profits of Ward White were down from £1.81m to £1.46m in the six months to June 30, 1981. Turnover rose from £43.26m to £48.67m, but trading profits were lower at £2.21m compared with £2.64m.

The pre-tax figure was struck after interest charges down from £832,000 to £750,000. There was a tax charge of £578,000 (£673,000) and after extraordinary credits of £958,000 (£27,000 debits) and minority credits of £57,000 (£3,000 debits) attributable profits came out at £1.89m (£1.1m).

Extraordinary credits consist of the profit amounting to £998,000 on the sale of K Shoes shares, less estimated tax; and from this has been deducted the cost of reorganisation and closure of factories actually incurred at June 30, 1981, less tax, amounting £40,000. Total cost for the full year after UK corporation tax relief will amount to about £360,000.

The interim dividend is maintained at 1.4p, and stated earnings per share are down from 4.22p to 3.01p. Dividends absorb £431,393 (£424,000).

Mr George McWatters, the chairman, says the group's business during the first half continued to be affected in the UK by the recession. This was particularly true in the distribution division which incorporates its branded selling and retailing activity. These businesses are sensitive, he says, to changes in volume and, owing to the lack of buoyancy experienced, this division as a whole suffered a small trading loss.

● comment

Ward White's interim results show why the group is so determined to increase its retailing network. While all the group's UK activities suffered from the collapse in demand the division most hard hit was the distribution division which includes its relatively small retailing network. Thanks partly to a handy profit on the disposal of its K Shoes shares Ward has sharply reduced its UK borrowings and has access to sufficient funds to finance the acquisition of Hiltons. Ward hopes to make up the ground lost at the interim to match last year's admittedly depressed profits of £3.8m. Retailing perked up in September but this may have proved a false dawn in the light of yesterday's rise in bank rates. Contributions from overseas will be higher with the Swedish company earning about £100,000 in the second half. The impact of Kushins will be less certain as the company could be expected to earn $1.5m but as Ward had to borrow to finance the acquisition and U.S. interest rates are at 20 per cent it may just wash its face in the second half after interest. The economies of scale from Hiltons would probably be sufficient to push the distribution division back into the black. The shares at 47p, unmoved by the day's news are on a prospective p/e, fully-taxed, of 11 and yield 13 per cent.

Hanson jumps 21% at 10 months

A 21 PER CENT jump in pre-tax profits from £33m to £40m for the 10 months to the end of July is revealed by Hanson Trust in the formal offer for Berec, the Ever Ready batteries group. For the whole of last year the group profits amounted to £39.1m.

In a letter Sir James Hanson is critical of Berec's performance. Berec's record showing profits down from $29m in 1977 to $10.5m in 1981 is contrasted with Hanson's 17 years of uninterrupted profit and dividend growth and its 400 per cent gain in share value over the past 10 years.

The Berec board's record is described as "abysmal" in a summary of reasons why Berec holders should accept the Hanson offer.

Hanson says "in 1979 and 1980 the board's profit expectations at the half-way stage were not fulfilled. In October 1980, Mr Stapleton (the Berec chairman) forecast profits for the year broadly similar to those for last year but fell short of the mark by £6.7m, a fall of nearly 40 per cent."

Berec shares stood at 53p in June. Sir James asks: "What price will they be if Hanson's bid lapses?

"An investment of 105p, Hanson's cash offer, in long-dated gilts would yield twice as much as Berec shares even if the final dividend was increased. The offer announced on September 4 was realistic," Sir James said. He adds with the sharp fall in share prices since then our cash offer has become correspondingly more attractive and indeed we consider it is now generous."

Hanson asks Berec shareholders to consider why the company's results for the six months to end-August have not been announced; whether in the light of unfulfilled expectations they are confident of Berecs future profitability; and whether Berec has ceased making net losses on a current cost accounting basis.

Berec has revealed that on May 14, the day before announcing an almost 40 per cent drop in profit for 1980-81, all the directors entered into new service agreements for nearly five years, the letter notes.

Hanson also comments on the Berec board's failure to market own-manufacture new style alkaline managanese batteries. "They are certainly taking their time while others have forged ahead," says Sir James.

His letter questions whether Berec's problems in Nigeria have really been solved and asks: When will the Hong Kong factory contribute to profit? Is the huge reliance on South African profits at risk? Is the board attempting to maintain its European market share at the expense of profit margins?

The offer closes on October 22. It was approved by Hanson shareholders at a meeting in London yesterday. The offers, including a 100p cash offer not previously announced for the Berec preference shares, were posted to Berec shareholders by N. M. Rothschild and Sons.

General Tire of S. Africa is Hallite raider

The beneficial owner of the 360,403 ordinary shares in Hallite Holdings purchased on September 28 is the General Tire and Rubber Company (South Africa), listed on the Johannesburg Stock Exchange.

Hallite says the purchase was made without prior discussion or notification and the intentions of General Tire are not known.

Meanwhile, Scottish Amicable Life Assurance Society has reduced its holding of Hallite ordinary shares from 122,000 (5.08 per cent) to 60,000 (2.5 per cent).

BELHAVEN/MORLEY

Belhaven has rescinded its conditional contract to buy Eric Morley (Leisure), which operates a Glasgow night club. The deal, agreed in April, allowed Belhaven six months to assess the business. With the postponement of a late night liquor licence application, it says it has been unable to evaluate normal trading.

The possibility remains of a new contract being negotiated next year.

Blantyre Tea sought by Eastern Produce

EASTERN PRODUCE (Holdings), the tea and rubber group, yesterday announced a bid for Blantyre Tea Holdings, valuing the UK company which owns teas estates in Malawi at £1.3m.

Eastern Produce already has a 25.6 per cent holding in Blantyre and through purchases in the market yesterday, at 69p per share, raised its stake to 34.4 per cent. Eastern, under the rules of the City Code, will bid for the shares not held at the same price.

Lawrie Plantations Holdings, an associate of Eastern, owns 4.7 per cent of Blantyre shares. These rose 1p to 70p yesterday while Eastern gained 2p to 69p.

Blantyre—which has 4,397 planted acres of tea in Malawi—reported profits down from £595,772 to £445,585 in the year ended September 30, 1980. Profits have fallen steadily since reaching a peak of £1.62m in 1976/77.

Eastern—which apart from its plantation interests also has international trading and insurance broking interests—reported a drop of 44 per cent in pre-tax profits for 1980 from £3.07m to £1.72m. This was due mainly to the halving of plantation profits and lack of earnings from the group's 38.4 per cent stake in Associated Fisheries.

This latest move in the plantation sector follows Wednesday's announcement of a full-scale bid by McLeod Russel for Warren Plantations. Warren had at one time been interested in building up a substantial stake in Blantyre but sold out its 15.2 per cent stake to institutions in 1978 after failing to acquire Eastern's large holding.

Eastern has been anxious to broaden its base and expand in the UK. It recently acquired Unochrome, the heat treatment chrome plating and engineering company.

McLeod has 46% of Warren Plant

McLeod Russel has built up its stake in Warren Plantations Holdings to 46.33 per cent, with 4.88m shares either in its ownership or pledged to it.

This came about with the announcement of irrevocable undertakings by more Warren shareholders, with 167,125 shares between them, to accept an intended offer by McLeod Russel.

The Warren shares gained 10p to 217p yesterday—2p above the bid.

CABANA/GATES

Cabana Soft Drinks (North West), a subsidiary of Cabana Soft Drinks, the Preston-based suppliers of Post Mix syrups, is to merge with Peter Gates Post Mix and Peter Gates Soft Drinks of Liverpool. Cabana says this will further increase its share in the Post Mix market.

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MONTHLY AVERAGES OF STOCK INDICES

	September	August	July	June
Financial Times				
Government Securities	62.50	64.45	64.51	†65.32
Fixed Interest	64.57	66.09	66.38	67.72
Industrial Ordinary	525.0	554.4	528.1	545.0
Gold Mines	395.1	385.2	315.0	325.2
Total Bargains	18,941	17,183	17,890	19,325
F.T.—Actuaries				
Industrial Group	289.48	306.75	293.85	298.56
500 Share	320.64	343.85	327.45	332.11
Financial Group	256.68	275.55	256.33	257.84
All-Share (750)	306.65	*329.64	315.48	316.97

	High	Low
Industrial Ordinary	565.5 (2nd)	457.8 (28th)
All-Share	332.34 (1st)	265.85 (28th)

*Correction

BANK RETURN

	Wednesday Sept. 30 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	45,753,084	+ 8,088,053
Bankers Deposits	635,007,105	+ 38,705,362
Reserve & other Accounts	1,638,107,381	— 37,414,099
	2,333,430,571	+ 9,379,316
Assets		
Government Securities	638,434,756	— 29,686,463
Advances & other Accounts	1,059,001,042	+ 32,207,264
Premises Equipment & other Secs.	619,884,346	+ 988,506
Notes	15,875,192	+ 6,855,016
Coin	275,335	+ 19,911
	2,333,430,571	+ 9,379,516
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,650,000,000	+ 25,000,000
In Circulation	10,634,124,808	+ 19,146,984
In Banking Department	15,875,192	+ 5,855,016
Assets		
Government Debt	11,015,100	—
Other Government Securities	9,134,983,488	+ 74,336,981
Other Securities	1,504,001,412	— 49,336,981
	10,650,000,000	+ 25,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	—	—	1	65	—	—	$435
GOLD C	$425	1	98 B	—	—	—	—	"
GOLD C	$450	23	15	10	35	—	—	"
GOLD C	$475	1	10	—	—	—	—	"
GOLD C	$500	3	5	5	15 B	—	—	"
GOLD C	$525	10	9.80	—	—	—	—	"
GOLD P	$400	—	—	40	12	—	—	"
GOLD P	$425	12	13	—	—	—	—	"
GOLD P	$450	12	21	13	26	—	—	"
		Oct.		Jan.		April		
ABN C	F.300	8	17	—	—	—	—	F.285.50
AKZO C	F.20	56	1.60	30	3	—	—	F.21.30
AKZO C	F.22.50	85	0.50	40	1.60	15	2.50	"
AKZO C	F.25	14	0.10	27	1	—	—	"
AKZO C	F.27.50	—	—	17	0.50	—	—	"
AKZO P	F.22.50	—	—	75	2	—	—	"
HEIN P	F.45	10	0.60	—	—	—	—	F.48.30
HOOG C	F.15	—	—	—	—	30	2.50	F.15.80
HOOG C	F17.50	80	0.10	—	—	5	1.70	"
KLM C	F.80	50	7.50 A	—	—	—	—	F.85
KLM C	F.90	338	1.90	42	7.20	—	—	"
KLM C	F.100	65	0.30	52	5	6	7 A	"
KLM C	F.140	25	0.10	—	—	—	—	"
KLM P	F.70	85	0.50	—	—	—	—	"
KLM P	F.80	82	1.80	—	—	—	—	"
KLM P	F.90	135	6.50 B	49	9.80	—	—	"
KLM P	F.110	5	27	—	—	—	—	"
NEDL C	F.140	—	—	5	7.80 B	—	—	F.155.70
NEDL C	F.150	11	0.30	97	3	—	—	"
NEDL P	F.130	6	1.20	37	3.50	—	—	"
NEDL P	F.140	5	5.60	20	9	—	—	"
NATN P	F.110	5	1.30	—	—	—	—	F.109.30
PHIL C	F17.50	—	—	—	—	12	3.60	F.19.30
PHIL C	F.20	171	0.50	37	1.60	519	2.40	"
PHIL C	F.22.50	17	0.10	108	0.80	57	1.50	"
PHIL C	F.25	—	—	—	—	100	0.90	"
PHIL C	F.27.50	—	—	25	0.20	—	—	"
PHIL P	F.17.50	5	0.20	50	0.70	—	—	"
PHIL P	F.20	135	1.10	63	1.70	—	—	"
PHIL P	F.22.50	10	3.10	35	3.50	—	—	"
RD C	F.70	—	—	10	10	8	12.50	F.75.80
RD C	F.80	241	1.40	122	4.60	25	7 B	"
RD C	F.90	50	0.10	65	2	40	4.50	"
RD C	F.100	—	—	97	0.80	48	2	"
RD P	F.70	—	—	59	2.50	—	—	"
RD P	F.80	82	5	5	6.80 A	—	—	"
RD P	F.100	—	—	8	25	—	—	"
UNIL C	F.140	91	2	20	6.50	—	—	F.135.80
UNIL C	F.150	—	—	—	—	10	5	"
UNIL P	F.125	40	0.50	—	—	—	—	"
UNIL P	F.150	20	1.10	—	—	—	—	"
UNIL P	F.140	37	5	—	—	—	—	"
		Nov.		Feb.		May		
BASF C	DM.140	—	—	70	6	—	—	DM134.50

TOTAL VOLUME IN CONTRACTS 4188

A=Asked B=Bid C=Call P=Put

Companies and Markets

UK COMPANY NEWS

Desoutter Bros. falls to £1.08m in first half

FIRST-HALF pre-tax profits declined at Desoutter Brothers (Holdings), precision mechanical engineer, from £1.48m to £1.08m, up to June 30 1981. Turnover slipped from £12.64m to £12.5m.

In his last annual statement, Mr R. C. Desoutter, chairman, said that given a further reduction in interest rates and a period of relative decline in the value of sterling the company should maintain a more even level of profit in 1981. Last year first-half pre-tax results were down at £1.48m (£1.94m) and the second-half figure was lower at £1.09m (£1.88m).

With a slightly more optimistic forecast for the second half and the longer term effect of further economies in operating costs, the chairman expects the company to make a similar profit for the full year as it did last time. The previous full year figure was £2.57m.

The interim dividend per 25p ordinary share is held at 2.7p—last year's final was 3p.

Interest charges were higher at £294,000 (£171,000) for the half year. Tax fell to £562,000 (£765,000).

● comment

The 27 per cent fall in Desoutter's interim pre-tax profits probably marks the end of the group's two-year profits slide. Although destocking continues in the UK, overseas orders are starting to come back, helped by the weakening of sterling. Nearly three quarters of Desoutter's business comes from overseas. Demand from the motor industry has been building as manufacturers retool for new models but the general engineering market remains weak. The company has set itself a target of matching last year's £2.56m profit before tax and the shares, after some initial weakness, advanced 3p to 88p. However, after the cut in last year's final dividend, the yield is about 9½ per cent, indicating the market's expectation that Desoutter's profit recovery will be slow.

RCF Holdings £594,000 in the red and misses dividend

PRE-TAX losses of RCF Holdings, the Birmingham-based hand tool manufacturer and distributor which is the subject of an agreed bid by Bardsey, increased from a restated £5,000 to £594,000, on turnover down 11 per cent from £18.36m to £16.29m, in the year to July 31 1981.

There is again to be no dividend in respect of the year and the directors say it is impossible to foresee an early return to dividend payments on ordinary shares. Based on the current position and outlook they say it would be unrealistic to expect a resumption in dividend payments before 1983.

Losses per 25p share are stated at 7.67p (1.55p) before deferred tax and at 4.01p (5.94p) after.

Mr. Bob Gray, chairman, says the effect of the recession on the engineering and building and construction industries, which the group principally serves, seriously reduced turnover. UK sales fell by 13.6 per cent in value and, taking account of the effect of selling price increases, this represents a reduction of more than 30 per cent in volume terms.

However, Rabone Chesterman maintained its influence in markets overseas and its export sales fell by only 1 per cent in value, although at some loss to gross margins. The distribution companies maintained their share of a much reduced market, but margins were under serious pressure throughout the year and some erosion was unavoidable, Mr Gray says.

The South African subsidiary further expanded its business but margins came under some pressure and final results fell short of last year.

As a result of stringent economies the group achieved a significant reduction in the rate of losses from £539,000 before tax (as restated) in the first half to £55,000 in the second half.

The number of employees was reduced from 1,124 to 876 during the year, while working capital was reduced by £1.21m, which enabled the group to reduce borrowings by £461,000 in addition to financing the losses incurred in the year.

The taxable losses were struck after interest charges of £418,000 (£516,000)—reduced because of lower borrowings and interest rates. There was a tax credit of £286,000 (£461,000 charge) including a credit of £320,000 for deferred tax relating to stock relief no longer required. Last year there was an abnormal tax charge of £364,000 in respect of deferred tax.

After profits attributable to minority shareholders in the South African subsidiary of £17,000 (£19,000), extraordinary debits of £157,000 (£15,000)—of which £142,000 was a provision for reorganising the manufacturing operations at the Hockley Abbey works in Birmingham and transfer some processes to Sheffield—and preference dividends of £7,000 (same), the retained loss emerged at £459,000 (£507,000).

The directors say that during the year it became apparent that certain stocks were slow-moving or obsolete and had been stated in previous accounts at more than their then net realisable value. Stocks at July 31 1980 and July 31 1979 were found to have been overvalued by £663,000 and £571,000 respectively. These amounts have been charged against retained reserves as at those dates, and the results for 1980 have been restated accordingly.

Illingworth Morris fight heads for more delay

BY RHYS DAVID

THE CLIMAX to the struggle at Illingworth Morris, the Yorkshire wool textile group, has been put off for three weeks after a decision to adjourn yesterday's annual meeting and two extraordinary meetings. Mrs Pamela Mason, the controlling shareholder, is seeking to remove two of the directors.

The chairman Mr Donald Hanson—one of the two directors Mrs Mason wants removed—said that court proceedings due to take place in London later this month made a postponement necessary.

Mr Hanson told a packed meeting at the group's headquarters at Shipley, Bradford, that he regretted the prolongation of the uncertainty surrounding the group.

The court proceedings are set for October 16 in the Chancery Division. They include a petition for the winding up of the Lothbury Corporation which controls 27 per cent of the company. There is a further motion seeking the appointment of a judicial trustee to administer the estate of Mr Isidore Ostrer in place of Mrs Mason, his daughter.

The petition is being brought by Mrs Mason's cousins, who were left 40 per cent of Lothbury under the will of Mr Maurice Ostrer. His brother, Isidore, controlled the remaining 60 per cent, which passed on his death to Mrs Mason and other members of her family.

The second action for the appointment of a judicial trustee is being brought by Mrs Isabella Blench, Mrs Mason's half sister. She is co-beneficiary under the will of her father, Isidore, who also owned a direct 19 per cent stake in Illingworth Morris as well as the 60 per cent of Lothbury.

This action is not due to take place until next year and Mrs Blench has been seeking an interim injunction against Mrs Mason.

The injunction is to prevent Mrs Mason from using her position as executrix of her father's estate to vote all these shares in the battle against Messrs Donald Hanson and Peter Hardy. Mr Hardy is the other director whose removal is being sought.

The annual meeting has now been set for October 26 when the two extraordinary meetings will be held. Rival motions will be heard, one by Mrs Mason calling for the dismissal of Mr Hanson and Mr Hardy, and the other by these two directors calling for Mrs Mason's dismissal along with her son Morgan.

There are hopes that Mrs Mason may be able to sell her shareholding in the company so that peace can be restored. Last week her lawyer, Mr Mark Littman QC, announced that negotiations with an interested party were taking place and could lead to an early sale.

Even if no sale is agreed the courts may have clarified by October 26 whether Mrs Mason can use the shares under her control against the wishes of other members of her family.

If a trustee has been appointed by the courts to handle the estate it could be his task to decide how to vote the shares in respect of the two dismissal motions.

TATE OF LEEDS

Mr T. P. Tate, chairman of Tate of Leeds, says in the interim report that trading in the passenger car side of the business has held up better than expected and has more than made up for the very depressed commercial vehicle trading.

The outlook for remaining six months is seen as fair.

SPAIN

October 1	Price %	+ or −
Banco Bilbao	372	
Banco Central	364	
Banco Exterior	314	
Banco Hispano	325	
Banco Ind. Cat.	118	−1
Banco Santander	334	+5
Banco Urquijo	241	
Banco Vizcaya	390	
Banco Zaragoza	258	
Dragados	181	+1
Espanola Zinc	75	
Fecsa	70.2	−0.8
Gal. Preciados	53.5	−0.5
Hidrola	77.7	−0.8
Iberduero	58	
Petroleos	116.5	−2
Petroliber	82	−1
Sogefisa	51	
Telefonica	63	
Union Elect.	75.2	−2

Companies and Markets

MINING NEWS

Gencor's major asbestos deal

BY KENNETH MARSTON, MINING EDITOR

THE OFFER by South Africa's General Mining Union Corporation (Gencor) for the important asbestos interests of Transvaal Consolidated Land and Exploration (TCL), reported here on Wednesday, has greater implications than has been generally realised.

The proposal is that Gencor will buy TCL's asbestos interests for cash and then transfer them to Griqualand Exploration and Finance (Gefco)—which is owned as to 51 per cent by Gencor—in exchange for further shares in Gefco.

Holders of Gefco have been advised to exercise caution in share dealings until full details of the transaction have been disclosed, an announcement of which can be expected shortly.

Our Johannesburg correspondent reports that TCL's apparent decision to get out of the non-chrysotile sector of the asbestos market has raised eyebrows there, especially as it was only two years ago that the company moved into asbestos with the R28.6m (£16.7m) acquisition of Cape Industries' blue asbestos mining operations.

That was followed by the purchase of the mining interests of the Switzerland-based Eternit group for R13.3m, a purchase which was finalised only a fortnight ago.

These acquisitions gave TCL about 75 per cent of the international non-chrysotile asbestos market, arguably the world's best blue asbestos (crocidolite) mine and substantial reserves.

It was thus thought that TCL might have made a bid for Gefco, its largest competitor with a production last year of 47,300 tonnes of crocidolite.

As it is, Gencor is bidding for the TCL asbestos interests and, if all goes well, will end up with about 80 per cent of a company which controls an entire asbestos market sector.

Closure of mine by Idris Tin

THE MALAYSIAN tin producer Idris Hydraulic Tin has suspended its mining operations and put all installations on a care and maintenance basis, following a second major landslide last weekend.

The previous landslide, in which one worker lost his life, occurred a year ago. The company said yesterday that rehabilitation of the mine had proved slower, more costly and less rewarding than expected.

The latest landslide means that, in view of the limited ore reserves, prospects do not justify further depletion of the company's cash resources, and the directors said they were exploring "such options as now remain open."

Higher profits at Silvermines

THANKS to a profit of Ir£2.05m (£1.8m) on the sale of shares in Aran Energy, Ireland's Silvermines natural resources and industrial group has lifted half-year pre-tax profits to Ir£2.99m from £756,000 in the same period of a year ago. The company still holds a stake of 9.45 per cent in Aran Energy.

Net profits for the period come out at Ir£1.99m, against Ir£313,000, equalling 18.44p per share. The interim dividend is raised to 1.5p from 1p.

Hudbay Oil/Gas moves in on Woodada block

IT NOW seems likely that the Australian subsidiary of Canada's Hudson Bay Oil and Gas will become operator and partner in the troubled Woodada gas field in the Perth Basin of Western Australia, according to a statement released by Western Continental Corporation.

Western Continental Corporation recently negotiated the purchase of a 15 per cent interest in EP-100 presently held by Hughes and Hughes of Texas. Hughes and Hughes currently control an additional 50 per cent of the Woodada licence area: Western Continental also holds options to acquire this interest.

The statement released by Western Continental announced that it and Hudson Bay Oil and Gas had reached agreement in principle to join in Western's acquisition of Hughes and Hughes' 65 per cent stake.

At the annual meeting of the London-registered Hampton Trust, the company attempting to finalise the purchase of a 3.5 per cent interest in the Woodada gas field in Western Australia, Sir Cecil Burney, chairman, said the company had received a further communication from Australia's Foreign Investment Review Board which made certain constructive suggestions to Hampton Trust.

Sir Cecil said that in the light of the communication he could not be more specific.

Demonstration closes Bougainville

THE Rio Tinto-Zinc group's Bougainville copper-gold mine was closed yesterday, when local community leaders protesting against the division of the mine's royalty and tax payments between the provincial and national governments successfully prevented most of the workforce from turning up for work.

The mine's management said it expected Bougainville to remain shut down until at least some time today.

Earlier reports suggested that while the concentrator would have to be shut down, mining operations would continue, albeit at a reduced level. The latest news agency reports indicate that it proved impossible to maintain the mining operation.

Bougainville is one of the biggest copper mines in the world, and its by-product gold makes it one of the largest gold producers outside of South Africa and the Soviet Union.

Copper production in 1980 reached 147,000 tonnes, with 14,000 kilograms of gold and 37,000 kg of silver, for a gross value of US$553m (£311m). The company is Papua New Guinea's largest industrial employer, with a staff of some 4,300 people.

The background to the present protest is a year-long dispute between the national government and the North Solomons region, in which the mine site is located.

Bougainville contributed Kina 4.18m (£3.4m) in royalties and K51.18m in taxes to the PNG economy last year, and accounted for an estimated 57 per cent of the country's total exports.

Mr John Trezise, the mine's assistant general manager, said yesterday that the company had to assume the road block would stay in place overnight on Thursday, and he hopes to have more information about the likely duration of the protest today.

The regional authority does not support the protest, but it agreed to transmit a message from the demonstrators to PNG's prime minister, Mr Julius Chan, who is in Melbourne attending the conference of Commonwealth heads of government.

Apparently not all the protestors' message reached Mr Chan, and he has indicated that he cannot respond until he has the full text. Mr Trezise said Bougainville was working on the assumption that this exchange cannot be completed before some time today.

Bougainville's agreement with the PNG government provides for talks every seven years on any matters either side considers need reviewing. The first such review is due this year.

Bougainville is owned as to 53.6 per cent by CRA, which is in turn a 57.2 per cent-owned subsidiary of RTZ.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Aurora, Brown and Jackson, Downiebrae, Lyle Shipping, Moss Bros., North British Canadian Investment, Richards (Leicester), Tanks Consolidated Investments, Triplevest.

Finals: Campari International, Emess Lighting, Charles Sharpe, Shaw and Marvin.

FUTURE DATES

Interims—

Anglo American Invest. Trust	Oct 8
Modern Engineers of Bristol	Oct 29
Nesco Investments	Oct 8
Ruberoid	Oct 8
Small (John C.) and Tidmas	Oct 5

Finals—

Glaxo	Oct 12
Sanderson Murray and Elder	Oct 8

READICUT/ANDERTON

Readicut International has reached agreement in principle for the sale of Readicut Wool (Shops) Company to George Anderton and Son for about £200,000 cash.

Anderton is a private company based in Cleckheaton, West Yorkshire and engaged in the spinning, marketing and mail order distribution of hand knitting yarns under the brand name Hermit Wools.

SCOTTISH LION INS.

M. U. Oxford Holdings, a member of the C. Y. Tung group, has acquired Scottish Lion Insurance from British and Commonwealth Shipping. Scottish Lion will continue to underwrite marine and aviation risks in the London market.

Marine Indemnity Insurance of the U.S., until recently a subsidiary of Scottish Lion, will remain within the British and Commonwealth group.

LONDON TRADED OPTIONS

Oct. 1. Total Contracts 1,971. Calls 1,403. Puts 568

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	20	50	34	22	42	2	270p
BP (c)	280	10	475	20	107	28	2	"
BP (c)	300	2½	83	11	2	20	2	"
BP (c)	320	1	2	6	5	—	—	"
BP (c)	350	—	—	—	—	15	1	"
BP (p)	240	5	—	7	5	10	100	"
BP (p)	260	10	10	12	—	21	100	"
BP (p)	300	32	—	34	—	42	11	"
BP (p)	350	82	—	82	6	—	—	"
BP (p)	360	—	—	—	—	98	15	"
CU (c)	140	9	20	20	—	25	1	142p
CU (c)	160	1½	—	7	1	8	—	"
Cons. Gld (c)	420	50	—	68	16	68	—	465p
Cons. Gld (c)	460	18	20	35	—	50	—	"
Cons. Gld (c)	500	4	2	22	—	27	—	"
Cons. Gld (c)	550	1	—	7	10	15	5	"
Court'lds (c)	70	¾	10	1½	—	3	—	54p
GEC (c)	600	82	10	—	—	—	—	627p
GEC (c)	650	37	15	75	—	94	—	"
Gr'd Met. (c)	160	11	12	20	50	26	—	164p
Gr'd Met. (c)	180	3	—	11	5	16	—	"
Gr'd Met. (c)	200	½	—	7	3	9	—	"
Gr'd Met. (c)	220	½	—	4	—	6	2	"
Gr'd Met. (p)	160	5	—	13	6	17	5	"
Gr'd Met. (p)	180	20	—	24	2	26	—	"
Gr'd Met. (p)	200	38	—	38	1	39	—	"
ICI (c)	260	10	45	22	25	30	—	356p
ICI (c)	280	4	—	14	—	20	6	"
ICI (c)	300	1	—	9	3	12	—	"
ICI (c)	330	½	—	3	5	—	—	"
ICI (p)	240	4	44	9	28	16	—	"
ICI (p)	260	13	11	18	11	20	—	"
ICI (p)	280	26	5	28	—	32	1	"
Land Sec. (c)	260	17	—	28	3	39	—	273p
Mks & Sp (c)	110	9	20	15	4	19	—	116p
Mks & Sp (c)	120	3	—	8½	—	14	8	"
Mks & Sp (c)	140	¼	—	2½	41	5	5	"
Shell (c)	300	30	—	40	25	45	—	324p
Shell (c)	330	12	100	23	22	34	—	"
Shell (c)	360	1½	10	10	1	22	—	"
Shell (c)	390	½	4	5	—	14	—	"
Shell (c)	420	¼	—	3	—	6	7	"
Shell (p)	330	16	—	20	5	26	100	"
Shell (p)	360	40	1	40	—	42	—	"
Shell (p)	300	4	—	8	2	10	—	"
		November		February		May		
Barclays (c)	390	28	2	47	—	55	—	405p
Barclays (c)	460	4	1	15	—	22	4	"
Lasmo (c)	420	32	5	52	1	62	—	337p
Lasmo (c)	460	18	4	37	—	47	—	"
Lasmo (c)	500	9	—	27	1	35	—	"
Lasmo (c)	550	6	—	15	2	24	5	"
Lonrho (c)	70	8	10	12	—	14	—	75p
Lonrho (c)	80	3	—	7	3	9	6	"
Lonrho (c)	90	½	20	3½	4	4	18	"
Lonrho (p)	70	3	7	5	—	6	—	"
Lonrho (p)	80	6	5	9	—	10	—	"
Lonrho (p)	90	12	—	18	2	19	—	"
Lonrho (p)	100	26	—	27	7	—	—	"
P & O (c)	110	1½	—	4½	—	7½	1	99p
Racal (c)	390	20	26	40	20	55	—	390p
Racal (c)	430	10	2	25	—	38	—	"
Racal (c)	460	2	—	13	1	25	—	"
Racal (p)	330	8	5	17	1	—	—	"
Racal (p)	360	15	5	22	8	25	—	"
Racal (p)	390	25	43	32	—	35	—	"
RTZ (c)	460	30	1	60	—	64	1	459p
RTZ (c)	500	15	6	34	—	47	—	"
RTZ (c)	550	10	1	22	—	30	—	"
RTZ (c)	600	7	—	17	—	23	8	"
RTZ (p)	460	30	7	35	10	39	—	"

C=Call P=Put

هكذامن الأجل

Beaumont Properties increases

FIRST-HALF pre-tax profits have risen for Beaumont Properties from £767,000 to £794,300 up to March 31, 1981. The continuing increase in property revenue suggests that the overall results for the full year will show a satisfactory improvement, says Mr J. Hugh Jones, the chairman. Pre-tax profits in the last full year were £1.48m.

As already announced, the interim dividend is held at 1.5p—last year's total payment was 5.25p.

Earnings per share were slightly up at 2.88p (2.85p).

It is unlikely, says Mr Hugh Jones, that the property trading figure for the full year will reach last year's £188,723, as the Board's stated policy is not actively to seek purchasers for its properties, but to consider offers thought to be advantageous.

Quoted investment income rose to £36,000 (£22,000) and associated companies contributed a repeated £60,000. Net interest payable was the same at £455,000 and tax took £360,000 (same).

Attributable profits were left higher at £434,300 (£407,000), against last full year's figure of £952,754.

38% decline at Inchcape Enterprises

Badly hit by fluctuations on the exchange markets, Inchcape Enterprises, part of Inchcape group, reports a 38 per cent decline in interim profits and predicts that full year profits will fall short of the 1980 total.

Mr J. G. Holmes, the chairman, says the strength of the Japanese yen contributed to a sharp fall in earnings for the group's motor trading subsidiaries, M D Motors and Fidelity Motors. Despite a slight rise in turnover during the first half, both failed to repeat their performance of the first six months of last year.

The group's sailmaking subsidiary, Neil Pryde was equally hard hit by a drop in the value of the German mark and French franc, in its major overseas markets. Raw material costs also suffered from a strong U.S. dollar.

Mr Holmes predicted that although the motor trading division was set to remain at the same level for the rest of the year, it was unlikely Neil Pryde, the world's largest exporter of windsurf sails, would show an upturn in profits before 1982.

The interim dividend is unchanged at 15 cents.

Assoc. Book rises sharply half time and pays 0.7p more

A SHARP RISE in profits in the first half of the current year is reported by Associated Book Publishers, restoring the pre-tax surplus to a similar level to that achieved in 1979.

For the period to June 30 1981 the taxable profit emerged at £1.1m, compared with £202,000 for the corresponding period of 1980, on turnover up from £15.24m to £18.92m.

The directors consider the results justify the confidence expressed by the chairman in his statement for 1980 and say it is now appropriate to increase dividends. Accordingly, they are stepping up the interim from 2.8p to 3.5p net per 20p share—last year a total of 7.5p was paid from pre-tax profits of £1.71m.

For the remainder of the year they expect the group to continue the improvement achieved in the first six months.

Commenting on the half year they say the depressed economic conditions which adversely affected UK publishing profits in 1980 continued into the current year but the remedial measures initiated last year are having the desired effect—publishing profits advanced in the first half from £45,000 to £388,000.

The UK bookselling division which had been concentrating on refinement of its computer and wholesale operations in preparation for the second half year high selling period, incurred an interim loss of £127,000 (£82,000) and the directors say a return to profitability this year is dependent on the volume of business in the second half.

Taxable profits for the first half benefited by £135,000 from exchange differences.

Tax took £631,000 (£309,000) and after minorities of £207,000 (£143,000) the attributable balance came through at £259,000, compared with a deficit of £250,000.

Stated earnings per share were 6.9p (7.1p loss).

Following a change of overseas subsidiaries' accounting dates, first-half earnings were for the period January to June (1980 November to April). The directors say the effect on comparative earnings is not material.

Total taxable profits from overseas subsidiaries increased from £239,000 to £836,000. In Australia and New Zealand a delayed publishing programme, lower profits from the general publishing and agency operation and interest costs combined to produce a £108,000 decline in earnings to £94,000.

Action taken to put the U.S. subsidiary on a new footing resulted in trading losses being reduced from £259,000 to £95,000. Other attributable costs were £30,000 lower at £114,000.

In Canada there was a 33 per cent increase in earnings from law publishing and a more viable general publishing and agency operation combined to produce pre-tax profits of £951,000 (£440,000). The directors say that the printing division continues to have difficulties but it is intended that steps now being taken will bring the operation into profit in 1982.

The decline in the value of sterling resulted in an addition to reserves of £600,000 on retranslation of overseas subsidiaries' reserves and inter-group indebtedness.

Elbar loss soars midyear

PRE-TAX losses of Elbar Industrial have increased from £393,570 to £948,512 for the first half of 1981, on increased turnover of £33.47m, against £31.89m, and the interim dividend is being passed. Last year, an interim of 1p net was followed by a final of the same amount.

The directors explain that the major proportion of the loss arose from the provision made for rectification work on an engineering contract, which was delivered to a customer in April.

No liability for the significant rectification costs, mainly incurred in July and August, could have been foreseen by the directors at the time of the rights issue in May, they state.

Had this provision not been required, operating profits would have shown an improvement over the same period of 1980, the directors add.

Consideration of a dividend has been deferred until the final figures for 1981 are known. The company is engaged in vehicle and agricultural machinery dealing and engineering.

Interest charges for the half-year rose from £775,864 to £834,888. There is again no tax and stated loss per 50p share, adjusted for the rights issue, was 20.74p (12.05p).

Turriff expands midway

A RISE in profits was reported for the first half by Turriff Corporation for the period ended June 30 1981. The taxable figure rose from £242,000 to £413,000. Turnover was up from £23.3m to £26.9m.

"In the very difficult conditions prevailing it is encouraging that our profits for the first half of 1981 compare favourably with those of the corresponding period of 1980," says Mr W. G. Turriff, chairman.

"The measure of our second half year's profits is too early to forecast but we are in no way despondent," he adds. The order book is reasonably satisfactory but current profit margins continue to be every competitive, he says.

"The liquid position is very strong which will enable us to apply our financial resources and management talents in more profitable directions," says Mr Turriff.

After tax took £3,000 (£5,000) and minority interests took an increased £44,000 (£18,000) distributable profits rose to £366,000 compared with £219,000 last time and £803,000 for the last full year.

Last year the company paid a single dividend of 4p net per 25p share against 3.75p the year before. The full-year pre-tax profits were £1.25m on a turnover of £55.76m.

Midterm dip at Estates & General

Increased interest charges pulled pre-tax profits of Estates and General Investments, property investor and developer, down to £341,000 in the six months to June 30, as against £478,000.

The directors say the higher interest reflects their policy of building up asset value and rental income by developing an investment portfolio: profits before interest were slightly up at £1.07m, against £1.05m, on turnover lower at £1.7m (£1.8m).

The interim dividend is raised to 0.6p net per 20p share (0.55p), and earnings per share are stated as 1.24p (1.57p). The total 1980 payout was 1.55p on taxable earnings of £817,083.

Trading profits rose to £908,000 from £825,000, while surplus realised on the disposal of investment properties was £161,000 compared with £225,000. Interest charges totalled £728,000 (£572,000).

Tax took £120,000 (£195,000), and there were minority losses of £8,000, against £2,000 profits.

Similar auditors' report for Danks

IN THEIR report to members of Danks Gowerton for the year to June 30 1981, chartered accountants Clement Keys and Co. repeat their statement of last year, that since they had not been appointed auditors until after June 30 1980, it had not been possible for them to observe the stocktaking procedures as at that date, but that they had subsequently accepted that the procedures had been properly undertaken.

They add in their latest report "that subject to the foregoing in their opinion the financial statements . . . give a true and fair view of the state of affairs of the company and of the group at June 30 1981."

The group's previous auditors, Touche Ross, resigned after qualifying the 1978/79 accounts over the non-availability of certain steel stock records.

The 1980-81 accounts show that during the year a subsidiary purchased from Gowerton Toolmakers and Engineers steel at a total cost of £183,359, and rent paid to GTE in respect of office premises it owned and let to the subsidiary under a monthly tenancy which, together with the cost of certain services provided by GTE, totalled £27,758. The figures were exclusive of VAT.

According to the accounts Mr A. J. S. Roe and Mr T. J. Roe were interested in the transactions as holders (together with Mrs A. J. S. Roe) of the whole of the issued share capital of GTE. At June 30 1981 there was no amount due to the group from GTE.

None of the other directors had a beneficial interest in any contract of significance to which the holding company or a subsidiary was a party during the financial year.

The results of Danks Gowerton which manufactures industrial boilers and processes steel, for the year to June 30 1981, reported on September 29, showed the group made pre-tax profits of £166,815, compared with a loss of £1.3m for the previous 15 months. Shareholders' funds were £11.06m (£11.26m). Net current assets stood at £1.99m (£2.35m). Meeting, Dudley, October 22, at noon.

Wolstenholme slips to £0.6m at interim stage

DESPITE lower first half taxable profits from Wolstenholme Rink, the Bolton-based producer of bronze and aluminium powder and merchanter of pigments and chemicals for the printing and paint industries, Mr Alan Green, chairman, is optimistic about the outcome for the year.

Business is still very competitive and margins remain under continued pressure but the results show a considerable improvement over last year's depressing second half, he says. In particular the second quarter has shown a marked improvement in the level of business.

In the six months to June 30 1981 pre-tax profits fell from £806,000 to £628,000 on turnover of £7.41m compared with £7.89m. Tax took £276,000 (£388,000) leaving net profits of £352,000 (£418,000).

The interim dividend is being maintained at 2.5p net per 25p share — last year a total of 5.75p was paid on taxable profits of £1.13m.

It would appear that Wolstenholme Bronze Powders has seen the end of destocking which had an adverse effect on the second half of last year. In addition, the drop in the value of sterling against the dollar has allowed the company to conduct its important business in the U.S. at better profit margins. Productivity improvements have also helped, although there is still some way to go before the company reaches the profits seen in former years, Mr Green says.

Charles Openshaw was caught by the effects of the world recession later than other group companies and suffered a setback in the first half. Difficulties in the printing industry at home and foreign currency restrictions in many of its traditional overseas markets have been the major problems. The directors are, however, looking to some recovery in the second half.

The other subsidies have all fared reasonably well not least the new acquisition Procter Johnson which has been able to secure some very substantial export business to be shipped during the rest of this year.

All comparative figures for the first half of last year have been restated to exclude current cost adjustments to copper transactions,—which are no longer included in the historic cost figures — since the inclusion of CCA figures in the 1980 accounts. This has had the effect of increasing the comparative taxable profits by £66,000.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 30, 1981. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists. (4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports. (5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports. (7) Somali: Exports and Non-Essential Imports and Transfers. (8) Mauritius—Devalued 20 per cent as of September 28.

Sterling firm

Sterling gained ground against all major currencies yesterday on the rise of 2 points to 16 per cent in London clearing bank base rates. The increase had been anticipated, following the recent upward pressure on money market interest rates. But the move on base rates, started early in the morning by Barclays Bank, gave the pound a further boost, as did the report from Kuwait of an attack on oil installations by Iranian aircraft.

Dollar was also helped by the news from Kuwait, despite subsequent denials of the raid by the Iranian foreign ministry in Teheran. It was also supported by a firmer trend in Eurodollar interest rates, but lost ground in later trading, finishing slightly weaker against most European currencies, though a little stronger against the yen.

European currencies showed little change, with the D-mark remaining very firm at the top of the European Monetary System.

DOLLAR — Trade-weighted index (Bank of England) rose to 109.3 from 109.2. The U.S. currency touched a peak of DM 2.3350 against the D-mark, but declined to DM 2.3230 at the close, compared with DM 2.3240 on Wednesday. It fell to SwFr 1.9675 from SwFr 1.9750 against the Swiss franc, but was slightly stronger at FFr 5.57 compared with FFr 5.56 in terms of the French franc, after touching FFr 5.59, and rose to Y233.10 from Y232.20 against the Japanese yen.

STERLING — Trade-weighted index (Bank of England) rose to 88.5 from 87.4, after opening at 87.8, and rising to 88.6 at noon. The pound opened at $1.8120-1.8130, the lowest level of the day, and touched a peak of $1.8400-1.8410 in the morning following the news on base rates. It traded around $1.8300-1.8350 for most of the afternoon, before closing at $1.8310-1.8320, a rise of 2.65 cents on the day. Sterling rose to DM 4.2575 from DM 4.1950, to SwFr 3.6050 from SwFr 3.5650, to FFr 10.20 from FFr 10.03, and to Y427 from Y419.50.

D-MARK—Strongest member of the European Monetary System and close to its upper divergence limit. The D-mark has been underpinned recently by an improving trade performance and narrowing current account deficit. But this trend was reversed after figures for August showed a widening current account deficit, although money supply and inflation remain in check. While U.S. rates show little sign of a sustained fall the D-mark has been losing ground against the dollar, but is still above the five-year low touched in August —The D-mark lost ground to most currencies at the Frankfurt fixing, but was slightly firmer against the Japanese yen, and two members of the EMS, the Belgian franc and Danish krone. The Belgian currency fell to DM 6.1020 per 100 francs from DM 6.1090, and the krone to DM 31.7850 per 100 krone from DM 31.80. On the other hand sterling was very firm following the rise in UK interest rates, improving to DM 4.2620 from DM 4.1970 at the fixing, but easing to DM 4.2550 in the afternoon. The dollar rose to DM 2.390 from DM 2.3225 at the fixing, but declined to DM 2.3240 by late afternoon.

The Bundesbank sold $8.95m at the fixing, but probably did not intervene on the open market. A factor behind the improvement of the U.S. currency was a report that Iran had bombed oil installations in Kuwait. This reflected fears that any conflict in the Middle East would threaten European oil supplies more seriously than the U.S. with its large domestic energy resources.

At the fixing the Swiss franc rose to DM 1.1783 from DM 1.1771.

THE DOLLAR SPOT AND FORWARD

Oct 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8120-1.8410	1.8310-1.8320	0.03-0.13c dis	−0.52	0.44-0.54dis	−1.07
Ireland†	1.5600-1.5690	1.5675-1.5690	0.64-0.54c pm	4.53	1.25-1.00 pm	2.88
Canada	1.2050-1.2072	1.2050-1.2053	0.28-0.33c dis	−3.04	0.63-0.68dis	−2.17
Nethlnd.	2.5790-2.5930	2.5790-2.5820	0.85-0.75c pm	3.71	3.17-3.07 pm	4.83
Belgium	38.03-38.21	38.07-38.09	42-52c dis	−14.81	65-75 dis	−7.36
Denmark	7.2850-7.3405	7.3050-7.3150	1-1¼ore dis	−1.84	0.35-0.85dis	−0.33
W. Ger.	2.3190-2.3350	2.3225-2.3235	0.95-0.90pf pm	4.78	3.25-3.20 pm	5.55
Portugal	64.80-65.50	64.85-65.15	40-240c dis	−25.79	90-400 dis	−14.73
Spain	96.20-96.65	96.25-96.35	par-10c dis	−0.62	15-35 dis	−1.04
Italy	1,180-1,184½	1,182-1,183	20-24 lire dis	−22.31	47-53 dis	−16.90
Norway	5.8880-5.9340	5.8950-5.9050	1.80-1.30ore pm	3.16	6.20-5.70 pm	4.04
France	5.5600-5.5900	5.5675-5.5725	8¼-9c dis	−18.61	13-14¾ dis	−9.89
Sweden	5.5900-5.6050	5.5900-5.6000	2.00-1.80ore pm	4.08	6.75-6.50 pm	4.72
Japan	232.20-234.00	233.05-233.15	2.00-1.85y pm	9.91	5.95-5.90 pm	10.08
Austria	16.28½-16.37	16.28½-16.29½	7-5½gro pm	4.60	21-17 pm	4.66
Switz.	1.9630-1.9830	1.9670-1.9680	1.06-0.96c pm	6.16	3.25-3.16 pm	6.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8120-1.8410	1.8310-1.8320	0.03-0.13c dis	−0.52	0.44-0.54dis	−1.07
Canada	2.1880-2.2200	2.2070-2.2080	0.55-0.65c dis	−3.26	1.70-1.90dis	−3.26
Nethlnd.	4.68-4.77	4.72¼-4.73¼	1½-⅞c pm	2.85	4⅝-4¼ pm	3.70
Belgium	69.90-70.10	69.70-69.80	60-70c dis	−11.18	25-45 dis	−2.01
Denmark	13.24-13.45	13.38½-13.39½	2-2¾ore dis	−2.13	3½-5½ dis	−1.34
Ireland	1.1560-1.1750	1.1665-1.1685	0.44-0.57c dis	−5.19	1.09-1.29dis	−3.97
W. Ger.	4.21-4.28	4.25½-4.26½	1½-1¼pf pm	4.23	5-4½ pm	4.46
Portugal	117.75-119.75	118.75-119.25	75-445c dis	−26.22	295-775dis	−17.98
Spain	174.50-177.75	176.30-176.60	par-25c dis	−0.85	60-90 dis	−1.70
Italy	2,135-2,175	2,165½-2,167½	30-33 lire dis	−17.45	79-84 dis	−15.06
Norway	10.73-10.86	10.80-10.81	3-1¾ore pm	2.64	8¼-7½ pm	3.01
France	10.10-10.25	10.19½-10.20½	16½-17½c dis	−20.90	27½-29 dis	−11.08
Sweden	10.16-10.29	10.25-10.26	3¼-2¼ore pm	3.22	9⅝-8⅝ pm	3.56
Japan	422-432	426½-427½	3.60-3.15y pm	9.48	10.05-9.55 pm	9.18
Austria	29.55-30.00	29.85-29.90	10½-5½gro pm	3.21	29-19 pm	3.21
Switz.	3.57-3.64	3.60-3.61	1¾-1¼c pm	4.99	5⅞-5⅝ pm	6.24

Belgian rate is for convertible francs. Financial franc 76.30-76.40. Six-month forward dollar 1.10-1.20c dis. 12-month 2.00-2.20c dis.

CURRENCY MOVEMENTS

Oct. 1	Bank of England Index	Morgan Guaranty Changes%
Sterling	88.5	−34.8
U.S. dollar	109.3	+3.2
Canadian dollar	87.7	−17.3
Austrian schilling	115.3	+24.0
Belgian franc	107.0	+10.5
Danish kroner	88.7	−8.0
Deutsche mark	119.9	+41.1
Swiss franc	142.3	+90.1
Guilder	110.7	+16.2
French franc	84.2	−10.7
Lira	57.5	−56.1
Yen	137.7	+32.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.635712	0.589653
U.S. $	14	1.14480	1.05580
Canadian $	19.63	1.38130	1.28934
Austria Sch.	6¾	18.6535	17.3995
Belgian F.	13	43.4347	40.5184
Danish K.	11	8.35844	7.85698
D mark	7½	2.65838	2.48117
Guilder	9	2.95536	2.76195
French Fr.	9½	6.37199	5.94741
Lira	19	Unavail.	1256.16
Yen	6¼	266.348	248.031
Norwgn. Kr.	9	6.81724	6.32826
Spanish Pts.	8	110.425	102.945
Swedish Kr.	12	6.40747	5.97515
Swiss Fr.	6	2.25688	2.10853
Greek Dr'ch.	20½	—	61.8184

OTHER CURRENCIES

Oct. 1	£	$		£ Note Rates
Argentina Peso	10,631-10,651†	5797-5817†	Austria	29.75-30.05
Australia Dollar	1.5990-1.6030	0.8745-0.8750	Belgium	75.90-76.70
Brazil Cruzeiro	198.08-199.08	105.99-106.52	Denmark	13.36-13.51
Finland Markka	8.213-8.224	4.4835-4.4855	France	10.18-10.33
Greek Drachma	101.817-104.934	57.40-57.60	Germany	4.24½-4.29½
Hong Kong Dollar	11.25½-11.27½	6.1450-6.1550	Italy	2130-2220
Iran Rial	143.60*	80.25*	Japan	428-433
Kuwait Dinar (KD)	0.512-0.518	0.2856-0.2858	Netherlands	4.72¼-4.77¼
Luxembourg Fr.	69.70-69.80	38.07-38.09	Norway	10.78-10.89
Malaysia Dollar	4.2575-4.2675	2.3255-2.3275	Portugal	118-132
New Zealand Dlr.	2.2210-2.2250	1.2135-1.2145	Spain	171¼-183½
Saudi Arab. Riyal	6.17-6.23	3.4075-3.4150	Sweden	10.20-10.30
Singapore Dollar	3.8810-3.8910	2.1195-2.1215	Switzerland	3.60½-3.64½
Sth. African Rand	1.7425-1.7445	0.9515-0.9526	United States	1.82¼-1.84¼
U.A.E. Dirham	6.63-6.69	3.6700-3.6750	Yugoslavia	79-84

† Rate given for Argentina is the commercial rate. The financial rate for sterling 13,999-14,019 and for the dollar 7,620-7,670. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	40.7227	−0.19	+0.91	±1.5361
Danish Krone	7.91917	7.82328	−1.21	−0.11	±1.6413
German D-Mark	2.54502	2.48463	−2.37	−1.27	±1.1386
French Franc	5.99526	5.95605	−0.65	+0.45	±1.3638
Dutch Guilder	2.81318	2.76474	−1.72	−0.62	±1.5159
Irish Punt	0.685145	0.682052	−0.45	+0.65	±1.6688
Italian Lira	1262.92	1265.30	+0.19	+0.06	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for October 1 ...... 0.582625

EXCHANGE CROSS RATES

Oct. 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.832	4.258	427.0	10.20	3.605	4.728	2167.	2.208	69.75
U.S. Dollar	0.546	1.	2.325	233.1	5.569	1.968	2.581	1183.	1.205	38.08
Deutschemark	0.235	0.430	1.	100.3	2.396	0.847	1.110	508.9	0.518	16.38
Japanese Yen 1,000	2.342	4.289	9.971	1000.	23.89	8.443	11.07	5074.	5.170	163.3
French Franc 10	0.980	1.796	4.174	418.6	10.	3.534	4.635	2124.	2.164	68.38
Swiss Franc	0.277	0.508	1.181	118.4	2.829	1.	1.311	601.0	0.612	19.35
Dutch Guilder	0.212	0.387	0.901	90.32	2.158	0.763	1.	458.3	0.467	14.75
Italian Lira 1,000	0.462	0.845	1.965	197.1	4.708	1.664	2.182	1000.	1.019	32.19
Canadian Dollar	0.453	0.830	1.929	193.4	4.621	1.633	2.142	981.4	1.	31.60
Belgian Franc 100	1.434	2.626	6.104	612.2	14.62	5.168	6.778	3106.	3.165	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 18	offer 18 1/8	bid 18 5/16	offer 18 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15¾-16¼	16-16⅛	18-19	12¼-12½	3½-4	11⅞-12	25-35	20-35	12-20	6⅝-6⅞
7 days' notice	16¼-16½	16⅛-16⅜	18-19	12½-12¾	7½-8	11⅞-12	30-40	32½-41½	20-34	6¾-7
Month	16⅝-16⅞	16¾-17	19⅝-20	13-13⅛	10[illegible]-11[illegible]	12-12⅛	32-35	31¾-35	26½-28½	7-7¼
Three months	16⅞-17	17¾-18	19⅞-20¼	13-13⅛	11⅜-11½	12[illegible]-12[illegible]	26-28	31½-33½	23⅛-24⅜	7[illegible]-7[illegible]
Six months	17-17⅛	18⅛-18⅜	20⅜-20¾	13-13⅛	11½-11⅝	12[illegible]-12[illegible]	24-26	30½-32	21⅛-22⅛	7¾-8
One Year	16⅝-16⅞	17½-17¾	19⅝-20	13-13⅛	10¼-10⅜	11¾-11⅞	22¾-24	27½-29	18⅞-19⅞	8-8¼

SDR linked deposits: one-month 16⁷⁄₁₆-16⁹⁄₁₆ per cent; three-months 16⁹⁄₁₆-16¹¹⁄₁₆ per cent; six-months 16¼-16⅝ per cent; one-year 15¹³⁄₁₆-16¹⁄₁₆ per cent.
ECU linked deposits: one-month 19⅜-19¾ per cent; three-months 18-18⅜ per cent; six-months 17⅜-17¾ per cent; one-year 16⅜-16¾ per cent.
Asian $ (closing rates in Singapore): one-month 16¾-16⅞ per cent; three-months 17⅞-18 per cent; six-months 18³⁄₁₆-18⁵⁄₁₆ per cent; one-year 17⁷⁄₁₆-17⁹⁄₁₆ per cent.
Long-term Eurodollar two years 17⅛-17⅜ per cent; three years 17-17¼ per cent; four years 16⅞-17⅛ per cent; five years 16¾-17 per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.50-16.60 per cent; three-months 17.40-17.50 per cent; six-months 17.60-17.70 per cent; one year 17.10-17.20 per cent.

MONEY MARKETS

Base rates 16%

London clearing banks base lending rates 16 per cent (since September 30)

The rise in clearing banks' base rates to 16 per cent pushed up money market rates yesterday. Overnight money in the interbank market touched 16-16¼ per cent after the announcement, having opened nearer 15¼-15½ per cent. Buying rates for three month eligible bank bills were quoted at 15⅞-15¹⁵⁄₁₆ per cent up from 15¾-15¹³⁄₁₆ per cent on Wednesday while three-month Treasury bills rose to 16 per cent from 15¾-15¹³⁄₁₆ per cent. However, rates were not affected too much by yesterday's base rate rise as such a move had already been largely discounted, and it was more a case of base rates moving up into line with the level of market rates already prevailing. One week interbank money traded at 16⅛-16¼ per cent at one point but settled back to 15⅞-16⅛ per cent.

Day to day credit was in short supply in the money market and the Bank of England gave an early forecast of a £100m shortage. Factors affecting the market included eligible bills maturing in official hands and a net take up of Treasury bills, together totalling −£80m, Exchequer transactions −£125m, offset by a fall in the note circulation +£35m. The Bank gave help during the morning totalling £126m. This comprised purchases of Treasury bills worth £13m in band 1 (up to 14 days) at 15¼ per cent, £1m of local authority bills in band 1 at 15¼ per cent and £112m of eligible bank bills in band 1 at 15-15¾ per cent. Following some adjustments by the Bank of England, the forecast was modified at 2 pm to flat and there was no further intervention by the Bank.

Discount houses were paying up to 15½ per cent for secured call loans at one point but conditions became much more relaxed during the afternoon with late balances taken as low as 9 per cent. Overnight money in the interbank market opened at 15¼-15½ per cent and eased briefly to 15-15¼ per cent before rising to 16-16½ per cent. Rates came back to trade at 15¼-15½ per cent for much of the afternoon and tailed away to 10-11 per cent with small balances taken late at around 17 per cent.

In Dublin interest rates continued to rise. Wednesday's tender of I£15m of Treasury bills yield rose to 18.1862 per cent and the bills was allotted at an average rate of 18.3041 per cent compared with 17.4740 per cent the previous week. The average [illegible]

MONEY RATES

NEW YORK

Prime rate	19-19½
Fed. funds	17½-18
Treasury bills (13-week)	14.53
Treasury bills (26-week)	14.76

GERMANY

Special Lombard	12.0
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Intervention rate	[illegible]
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount rate	[illegible]
Call (unconditional)	[illegible]
Bill discount (three-month)	[illegible]

LONDON MONEY RATES

Oct. 1 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	10-17	15¼-15⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	—	—	15¾-16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	—	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	—	15½-16¼	15¾-16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	16⅛-16⅛	16⅛-16⅝	16⅜	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	16⅛-16¼	16⅝-16⅞	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent.

Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association): [illegible] per cent from October 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Clearing Bank Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount 15.1231 per cent.

GOLD

Firmer trend

Gold rose $4½ to $434-436 in the London bullion market yesterday, reflecting fears about rising tension in the Middle East following a report of an attack by Iranian planes on oil installations in Kuwait. The metal opened at $430-431½, and was fixed at $435.25 in the morning and $436.75 in the afternoon. It touched a low point of $430½-$432, and a peak of $437½-438½.

In Paris the 12½ kilo gold bar was fixed at FFr 90,500 per kilo ($504.09 per ounce) in the afternoon, compared with FFr 94,500 ($527.48) in the morning, and FFr 94,500 ($527.98) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,770 per kilo ($435.25 per ounce) against DM 32,060 ($429.03) previously, and closed at $435-437, compared with $428½-430½.

In Zurich gold finished at $435-438, against $429-432.

	Oct. 1		Sept. 30	
Gold Bullion (fine ounce)				
Close	$434-436	(£236¾-238½)	$430-431	(£237¾-238¼)
Opening	$430-431½	(£235½-237¼)	$428-429	(£238¾-239¼)
Morning fixing	$435.25	(£237.582)	$426.50	(£237.205)
Afternoon fixing	$436.75	(£238.271)	$428.75	(£236.876)
Gold Coins				
Krugerrand	$448¼-449¼	(£245-245½)	$444-445	(£246¼-246¾)
1/2 Krugerrand	$231-232	(£126¼-126¾)	$228½-229½	(£125¾-127¼)
1/4 Krugerrand	$117½-118½	(£64¼-64¾)	$116½-117½	(£64½-65)
1/10 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
King Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
Victoria Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
French 20s	[illegible]	[illegible]	[illegible]	[illegible]
50 pesos Mexico	[illegible]	[illegible]	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأحول

Application has been made to the Council of The Stock Exchange in London for the whole of the ordinary share capital of Allianz Versicherungs-AG to be admitted to the Official List.

This document includes particulars given in compliance with the requirements of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Allianz Versicherungs-AG. The Members of the Board of Management of Allianz Versicherungs-AG have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Members of the Board of Management accept responsibility accordingly.

This document does not constitute an offer of or an invitation to subscribe for or otherwise to acquire any securities in Allianz Versicherungs-AG.

Exchange Rate
The approximate middle market spot exchange rate between DM and £ sterling in the London foreign exchange market at the close of business on 24th September, 1981 (being the latest practicable date before printing this document) was DM 4·1400 to £1 and all amounts translated into sterling in this document have been translated at such rate, other than in the Accountants' Report.

Principal Definitions
"Allianz" means Allianz Versicherungs-AG
"Allianz Group" means Allianz Group (General Insurance) and includes:
—Allianz Versicherungs-AG—Allianz Allgemeine Rechtsschutzversicherungs-AG—Assecuranz-Compagnie Mercur AG—Bayerische Versicherungsbank AG—Frankfurter Versicherungs-AG—Globus Versicherungs-AG—Kraft Versicherungs-AG
"Allianz Life" means Allianz Lebensversicherungs-AG
"Allianz Worldwide" means—Allianz Group—Allianz Life—Certain non-consolidated foreign companies (listed under "Allianz Interests Abroad")
"Germany" means the Federal Republic of Germany
"DM" means the currency of Germany
"billion", means one thousand million

Introduction to The Stock Exchange in London of the shares of

Allianz

Allianz Versicherungs-Aktiengesellschaft

(Incorporated under the laws of the Federal Republic of Germany)

Share Capital

Authorised		Issued and fully paid
DM 526,000,000	8,320,000 shares of DM 50 each in issue	DM 416,000,000

Arranged by

Morgan Grenfell & Co. Limited

S. G. Warburg & Co. Ltd. J. Henry Schroder Wagg & Co. Limited

Brokers to the Introduction

Rowe & Pitman James Capel & Co.

Introduction

The Allianz Group is the largest general (non-life) insurance group in Germany. It undertakes all major types of personal and commercial insurance and is particularly strong in the fields of motor insurance, general liability, personal accident, fire, and construction and engineering insurance. The bulk of the Allianz Group's general insurance business is transacted by the parent company, Allianz Versicherungs-AG, which has its headquarters in Munich. The Allianz Versicherungs-AG shares are quoted on all major stock exchanges in Germany.

The non-life premium income of Allianz Worldwide amounted to DM 6·9 billion in 1980 (around £1·7 billion) of which DM 6·0 billion was written in Germany by the Allianz Group, (representing 17 per cent. of the domestic market) and DM 0·9 billion in other countries. Allianz, the parent company, has a 46 per cent. shareholding in Allianz Life, which has 14 per cent. of the domestic market and is one of the largest European life insurers. Allianz Life's total premium income in 1980 was DM 4·1 billion (business in force DM 96 billion) accounting for the major proportion of total life and health premiums written by Allianz Worldwide which amounted to DM 4·7 billion.

Through subsidiaries, branches and agencies Allianz Worldwide offers services to clients in practically all major industrialised countries. Foreign business has expanded considerably in recent years and foreign premium income of Allianz Worldwide grew, mainly through acquisitions, from DM 235 million in 1976 to DM 1,388 million in 1980. Substantial acquisitions were made in Austria in 1977, the United States and Australia in 1979, and South Africa during 1980. In the United Kingdom a subsidiary was established in 1974, Allianz International Insurance Company Limited. This company is active in the London market and is a member of the Institute of London Underwriters.

In June 1981 Allianz made a major investment in the United Kingdom through the purchase of a 28·1 per cent. shareholding in Eagle Star Holdings Limited.

Historical Review

1890 to 1918

Allianz was established during the period of industrialisation in Europe. It was registered in Berlin in 1890 and was soon licensed to transact business in the whole of Germany. The shares were admitted to the Berlin Stock Exchange in 1895.

Originally Allianz was intended to be a specialist accident insurer but it quickly entered into other classes of insurance, in particular marine and fire insurance. The emphasis initially was placed on industrial, commercial and agricultural risks. In 1900, Allianz introduced engineering insurance, which still plays an important role in its business.

After the turn of the century, the demand for personal insurance cover began to grow rapidly. In addition the expansion of German foreign trade opened up new markets for direct insurers. Allianz took full advantage of these opportunities and by 1914 had become the largest German general insurer, a position it still holds today. At that time some 20 per cent. of its business, mainly marine insurance, originated from abroad.

1918 to 1945

The First World War led to the loss of much of the foreign business of the German insurance companies. This was followed by a period of catastrophic inflation in 1922 and 1923 and then, from 1929 onwards, by the worldwide depression. These events brought about a process of restructuring in the German insurance industry, in which the financially strong Allianz played an important part.

In 1922 Allianz became involved for the first time in life assurance with the founding of Allianz Life, which subsequently took over the portfolios of several other insurers. One year later, Allianz acquired Bayerische Versicherungsbank AG, the leading general insurer in Southern Germany, whose origins go back to 1835. In 1929 Allianz acquired Frankfurter Versicherungs-AG, another leading German insurance company.

1945 to 1981

With the post-war division of Germany, the Allianz Group lost all of its business in the eastern part of pre-war Germany, all its foreign business and most of its assets. However, as a result of changes which had taken place before the war, principally in its marketing organisation, Allianz was able to adapt to changed circumstances and concentrate on rebuilding its business. In 1949, the Head Office was transferred from Berlin to Munich, and another era of prosperous growth began.

From 1950 onwards the rebuilding of foreign business progressed slowly, with activity abroad initially undertaken through co-operation agreements with leading insurers in various foreign countries. In 1959, the year in which the European Economic Community was founded, Allianz opened a branch office in France, followed by another in Italy. This enabled Allianz to transact business directly in those countries. Foreign business remained at a relatively moderate level until the seventies, when Allianz expanded its activities abroad by making a number of acquisitions and by setting up additional offices in Europe, the United States and other parts of the world.

In Germany the structure of the Allianz Group has changed very little in this post-war period, although various new lines and services have been introduced. This includes the modernisation and expansion of the highly regarded and advanced loss research and loss prevention institute, the Allianz Centre for Technology, near Munich. In 1969 a subsidiary company for legal expenses insurance was established, Allianz Allgemeine Rechtsschutzversicherungs-AG.

Allianz Interests in Germany as at 31st December, 1980

The following table shows the published percentage shareholdings of Allianz in domestic insurance companies:

Shareholdings of Allianz in Domestic Insurance Companies

Health
Deutsche KrankenversicherungsAG (26·5%)
SAVAG Saarbrücker Krankenversicherungs-AG (25·0%)

Life
Allianz Lebensversicherungs-AG (46·0%)
Berlinische Lebensversicherung AG (47·1%)
Hamburg-Mannheimer Versicherungs-AG (37·0%)
Karlsruher Lebensversicherung AG (45·0%) (Note 2)

General Insurance
Frankfurter Versicherungs-AG* (49·9%)
Bayerische Versicherungsbank AG* (45·0%)
Hamburg-Mannheimer Sachversicherungs-AG (35·2%) (Note 2)
Karlsruher Sachversicherungs-AG (Note 2)
Globus Versicherungs-AG* (98·8%)
Kraft Versicherungs-AG* (48·8%)
Assecuranz-Compagnie Mercur AG* (49·7%)
TELA Versicherung AG (25·0%)
SAVAG Saarbrücker Versicherungs-AG (26·4%)

Legal Expenses Insurance
Allianz Allgemeine Rechtsschutzversicherungs-AG* (50·0%)
Hamburg-Mannheimer Rechtsschutzversicherungs-AG (Note 2)
Karlsruher Rechtsschutzversicherungs-AG (Note 2)

Credit
Hermes Kreditversicherungs-AG (25·2%)
Allgemeine Kreditversicherung AG (25·0%)

Notes:—
(1) Companies consolidated into the Allianz Group are shown by asterisks.
(2) Hamburg-Mannheimer Rechtsschutzversicherungs-AG is a subsidiary of Hamburg-Mannheimer Sachversicherungs-AG. Karlsruher Rechtsschutzversicherungs-AG is a subsidiary of Karlsruher Sachversicherungs-AG which itself is a subsidiary of Karlsruher Lebensversicherung AG.

Consolidated accounts are published by the Allianz Group which consists of Allianz (the parent company) and the non-life subsidiaries and associates where Allianz exercises management control indicated by the above table.

Allianz Life, in which Allianz has a 46 per cent. shareholding, is treated as a separate entity and not included in the consolidated accounts. However, there are close links between Allianz and Allianz Life with reciprocal Board of Management representation and both companies employ a joint sales force. In the insurance market Allianz Life, although not consolidated, is recognised as a member of the Allianz Group. Further details on Allianz Life are given below.

Important non-consolidated insurance shareholdings of Allianz shown in the table above include Hamburg-Mannheimer Versicherungs-AG, the third largest life company in Germany; Berlinische Lebensversicherung AG and Karlsruher Lebensversicherung AG, which are both leading life companies; Deutsche Krankenversicherungs-AG, the largest health and sickness company in Germany; Hermes Kreditversicherungs-AG and Allgemeine Kreditversicherung AG, both of which are leading credit insurers.

Allianz also has significant shareholdings in a number of well-known German industrial and commercial groups. Set out below are the names of the major companies in which Allianz has direct holdings, these investments are classified as "participations":—

Company	*Activity*	*Allianz percentage interest*	*Issued share capital DM million*	*Market capitalisation DM million*
Beiersdorf AG	Adhesive tape, cosmetics	29·0	146	680
Contigas Deutsche Energie-AG	Energy supply	25·0	110	693
Lahmeyer AG	Energy supply	26·1	60	338
Schiess AG	Machine tools	28·1	18	37

Other major investments classified under "participations" held by Allianz through its holdings in private (GmbH) consortium companies are as follows.—

*Consortium company**	*Allianz percentage interest in consortium company*	*Companies in which consortium company has an interest of 25 per cent. or more*
Allgemeine Verwaltungsgesellschaft für Industriebeteiligungen mbH	33·3	Metallgesellschaft AG
ABM Beteiligungsgesellschaft mbH	50·0	Messerschmitt-Bölkow-Blohm GmbH ("MBB")**
Almüco Vermögensverwaltungsgesellschaft mbH	25·0	Heidelberger Druckmaschinen AG; Hochtief AG†
Regina Verwaltungsgesellschaft mbH	25·0	Gutehoffnungshütte Aktienverein
Thyssen Beteiligungsverwaltung GmbH	19·3	Thyssen AG
Veritas†† Vermögensverwaltungsgesellschaft mbH	35·0	Hapag-Lloyd AG

*These consortium companies were formed for the purpose of holding interests of 25 per cent. or more in industrial companies.
**The consortium company at present holds only 13·6 per cent. in MBB.
†The consortium company has a 40 per cent. holding in Francommerz, which itself has a 25 per cent. holding in Hochtief AG.
††Allianz Life has an additional 25 per cent. shareholding in this company.

In addition, Allianz has a 25 per cent. shareholding in Münchener Rückversicherungs-Gesellschaft ("Munich Re") which is the largest reinsurance company in Germany and one of the largest in the world. Munich Re has a reciprocal 25 per cent. shareholding in Allianz and also has matching shareholdings in several of Allianz's subsidiaries and associates, including Allianz Life.

Allianz Interests Abroad

As stated earlier, the foreign business of Allianz has shown considerable expansion in recent years. In the **United Kingdom** Allianz International Insurance Company Limited was established in 1974 and it transacts all types of insurance business except motor and life insurance. In 1981 a substantial investment was made in the United Kingdom through the purchase of 28·1 per cent. of the ordinary share capital of Eagle Star Holdings Limited. In the **United States** Allianz of America Inc. was formed in 1976 to acquire a property/casualty company, and in 1979 made two major acquisitions in the United States for a total consideration in excess of $500 million. Allianz of America now operates in the United States through a number of insurance companies including, in particular, Allianz Insurance Company, a general carrier, North American Life and Casualty Company and Fidelity Union Life Insurance Company. In **Austria** in 1977 Allianz purchased a 91·5 per cent. shareholding in Anglo-Elementar Versicherungs-AG, the seventh largest insurance company in that country. In 1979 Allianz purchased a company in **Australia** now known as Allianz Insurance Company Limited, which is based in Sydney. In **South Africa** Allianz of South Africa was formed in 1980 to acquire two companies, Shield Insurance Co. Ltd. and Shield Life Insurance Ltd. Other important territories are **Italy** and **France** where business is conducted through branches. Allianz also operates in the **Netherlands, Spain, Saudi Arabia, Brazil,** the **United Arab Emirates, Singapore** and **Indonesia.**

Foreign business, where Allianz has by far the largest involvement of any German insurer, is predominantly in the commercial property, and construction and engineering lines. Results of foreign subsidiaries and associated companies are not consolidated, and dividends are included in the year in which they are received.

The following list shows the principal non-consolidated foreign subsidiaries of Allianz (their own operating subsidiaries are shown in italics):—

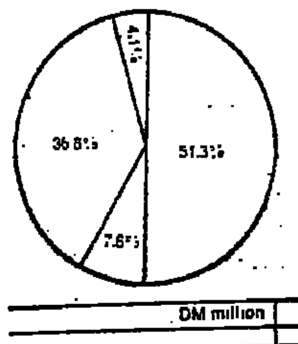
Company	*Percentage Shareholding*
Allianz International Insurance Company Limited (London)	100·0
Allianz of America Inc. (Wilmington)	51·9
Allianz Insurance Company (Los Angeles)	100·0
Allianz Underwriters, Inc. (Los Angeles) (Note)	100·0
Allianz Syndicate, Inc. (New York)	100·0
North American Life and Casualty Company (Minneapolis)	98·2
Fidelity Union Life Insurance Company (Dallas)	100·0
Anglo-Elementar Versicherungs-AG (Vienna)	91·5
Allianz Insurance Company Limited (Sydney)	100·0
Allianz of South Africa (Proprietary) Ltd. (Cape Town)	100·0
Shield Insurance Co. Ltd. (Cape Town)	100·0
Shield Life Insurance Ltd. (Cape Town)	100·0

Note:—
Allianz Underwriters, Inc. (Los Angeles) is a subsidiary of Allianz Insurance Company (Los Angeles).

Analysis of Premium Income

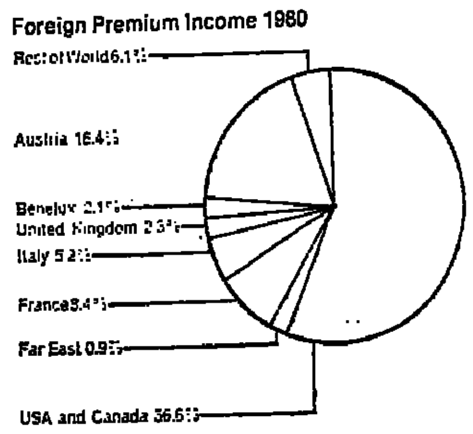
Allianz Worldwide
The premium income of Allianz Worldwide in 1980 was DM 11·63 billion of which DM 6·88 billion was attributable to general insurance and DM 4·75 billion to life and health insurance. As will be seen from the figures below in the left-hand chart, domestic business accounted for 88 per cent. of premium income and foreign business for 12 per cent. As a result of the substantial investments made abroad in recent years the proportion of worldwide premium income attributable to foreign business has grown markedly from 3·5 per cent. in 1975 to 12 per cent. in 1980. The distribution of foreign premium income is shown in the right-hand chart below.

Allianz Worldwide Premium Income 1980



	DM million	
General insurance		
Domestic business	5,968.2	51.3%
Foreign business	910.7	7.8%
Life and health insurance		
Domestic business	4,271.7	36.8%
Foreign business	477.8	4.1%
Total	11,628.4	

Foreign Premium Income 1980



Note: *Of the total foreign premium income of DM 1·39 billion, DM 0·57 billion of general premiums and DM 0·41 billion of life premiums were generated by non-consolidated companies.*

Allianz Group

Of the DM 6·90 billion of gross premiums written by the Allianz Group in 1980 DM 5·81 billion was in respect of direct domestic business, DM 0·21 billion direct foreign business and DM 0·88 billion inward reinsurance. Over 44 per cent. of the Allianz Group's consolidated non-life premiums in Germany are in the motor class, which is by far the most important sector for the market and the Allianz Group. Other significant classes, as will be seen from the table below, are general liability and personal accident. The direct domestic premium income of DM 5·81 billion represented 17 per cent. of the German market.

Allianz Group—Gross Premium Analysis
(Direct Domestic Business Before Reinsurance)

	1978 DM million	*1979 DM million*	*1980 DM million*	*Share of 1980 total %*
Motor	2,201	2,550	2,577	44·4
General liability	625	682	761	13·1
Personal accident	553	623	688	11·8
Fire	321	336	365	6·3
Engineering	295	319	345	5·9
Householders (contents)	223	250	284	4·9
Marine	175	182	203	3·5
Legal expenses	123	140	158	2·7
Homeowners (buildings)	121	133	153	2·6
Burglary	72	76	81	1·4
Glass	69	71	78	1·4
Other	87	103	117	2·0
Total	4,865	5,465	5,810	100·0

German Insurance Regulations

The activities of German insurance companies are regulated by the insurance supervision law (Versicherungsaufsichtsgesetz) of 1901, as amended, and nearly all the larger companies are subject to supervision by the Federal Insurance Supervisory Office (Bundesaufsichtsamt für das Versicherungswesen) in Berlin.

In Germany life, health, legal expenses and credit insurance each have to be conducted by separate companies. As is the case with Allianz, general insurance, life and legal expenses insurance are combined into a group under common management.

There are a total of approximately 800 companies under federal supervision, representing approximately 95 per cent. of the premiums written by the whole German insurance market of which 230 are (like Allianz) constituted as joint-stock companies.

Tariffs in motor liability insurance require the approval of the German government. They are adjusted with reference to the claims and costs record of the individual insurance company. If the total return from motor insurance exceeds a certain percentage of premiums refunds have to be made to policyholders based on a predetermined formula.

Regulation of German insurance companies' investments is covered in the section headed "Investments" below.

Restatement of Results

In 1980 published underwriting profits of the Allianz Group amounted to DM 192 million after a transfer of DM 45·1 million from the claims equalisation fund. Allianz itself contributed DM 126 million of this, with the most significant classes being motor (DM 43 million), personal accident (DM 42 million) and general liability (DM 37 million).

The published accounts of the Allianz Group conform to bases laid down by German law and insurance company regulations. There are certain differences in the definition and interpretation of accounting terms for the insurance industry between Germany and the United Kingdom. In 1980 for example, underwriting profit is reduced from DM 192·0 million to DM 38·3 million on a United Kingdom basis but the overall pre-tax published profit of DM 443·8 million rises to DM 561·1 million on a United Kingdom basis.

The following table is an illustrative restatement for the Allianz Group from 1976 to 1980 in line with normal practice in the United Kingdom insurance industry.

Revenue Account

	1976 DM million	*1977 DM million*	*1978 DM million*	*1979 DM million*	*1980 DM million*
Premiums written net of reinsurance	3,362·1	3,689·1	3,877·3	4,459·5	4,950·8
Less: Increase in unearned premiums	41·2	87·7	56·5	99·8	82·3
Premiums earned	3,320·9	3,601·4	3,820·8	4,359·7	4,868·5
Other underwriting income	166·3	175·5	201·9	201·8	235·7
Total underwriting income	3,487·2	3,776·9	4,022·7	4,561·5	5,104·2
Claims, surrenders and refunds	2,158·6	2,400·9	2,509·4	2,880·8	3,302·3
Commission and expenses	850·7	876·8	899·1	1,020·6	1,148·0
Other underwriting expenses (a)	456·1	455·8	515·3	554·3	615·6
Total underwriting expenses	3,465·4	3,733·5	3,923·8	4,455·7	5,065·9
Underwriting profit	21·8	43·4	98·9	105·8	38·3

Profit and Loss Account

	1976 DM million	*1977 DM million*	*1978 DM million*	*1979 DM million*	*1980 DM million*
Underwriting profit (as above)	21·8	43·4	98·9	105·8	38·3
Investment income (b)	415·3	457·5	507·6	579·2	639·7
Depreciation on land and properties	(48·6)	(65·3)	(78·9)	(34·6)	(40·8)
Other expenses (c)	(34·1)	(3·9)	(8·0)	(86·7)	(76·1)
Pre-tax profit (d)	354·4	431·7	519·6	563·7	561·1

(a) Includes pension fund
(b) Net of investment administration costs and excludes profits from sale of investments
(c) Net balance of other non-underwriting income and other expenses
(d) Excludes profits from sale of investments and amounts written off investments

General and motor liability policies can include an annuity element on payment of claims, and personal accident policies can also include a savings element. Such elements are referred to as capital repayment type policies and are included in the general business account.

Investments

Certain rules apply to the disposition of German insurance companies' investments. These are laid down by law and by the Federal Supervisory Office, which also regularly monitors the position of individual companies. The rules include general guidelines as to safety, yield, marketability and spread of investments, and they impose limits on different types of investment for both life and non-life companies. These rules apply only to investment of underwriting provisions and not to the investment of shareholders' funds.

The breakdown by principal category of investments at book value of the Allianz Group as at 31st December, 1980 was as follows:—

	1979 DM million	*1980 DM million*	*1980 % of total*
Land and properties	1,088	1,250	12·2
Mortgages and loans	2,120	2,543	24·7
Fixed interest securities	3,228	3,369	32·7
Shares	1,370	1,598	15·5
Participations	1,454	1,530	14·9
	9,260	10,290	100·0

Allianz has a rather higher proportion of investments in shares and participations than the German insurance industry average. This basically reflects its relatively strong shareholders' funds position.

The basis of valuation of investments is set out in paragraph 2 (a) of the section headed "Accounting Policies" in the Accountants' Report below. It should be emphasized that current market values are significantly higher than book values, particularly in the case of land and properties, shares and participations.

Allianz Life

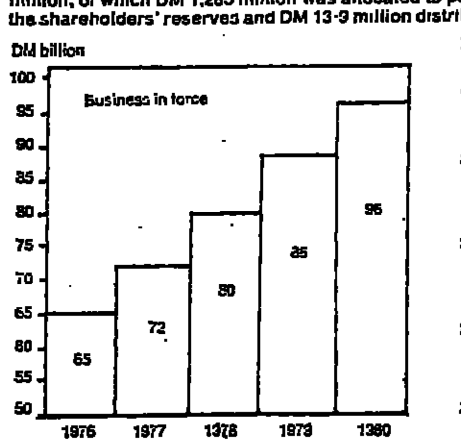
Allianz Life is by far the largest life insurance company in Germany, with Allianz and Munich Re each having a 46 per cent. shareholding. At the end of 1980 the market capitalisation was DM 1·7 billion.

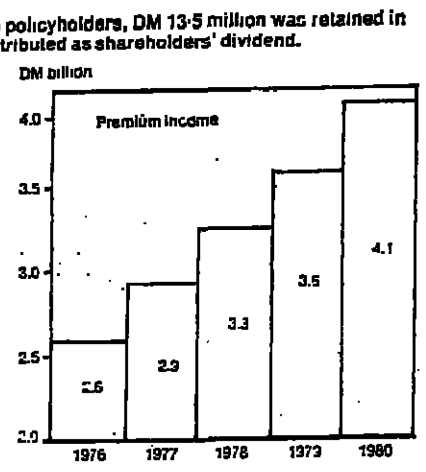
Premium income in 1980 amounted to DM 4·1 billion, which represented some 14 per cent. of the German domestic life market. In terms of sums assured some 94 per cent. of the portfolio consists of with-profit endowment policies. Pension schemes are also a rapidly growing area of the market, in 1980 accounting for over 20 per cent. of total new sums assured of DM 11·3 billion. The book value of the life fund at 31st December, 1980 was DM 24·1 billion.

The shareholders' interest in the surplus is limited by the Allianz Life Articles of Association to a maximum of 10 per cent., but in practice this has stood at approximately 2 per cent. for many years, with some 98 per cent. of surplus going to policyholders. In 1980 the total surplus was DM 1,312

Allianz *continued*

million, of which DM 1,285 million was allocated to policyholders, DM 13·5 million was retained in the shareholders' reserves and DM 13·9 million distributed as shareholders' dividend.





Current Business

During the first six months of this year premiums written by the Allianz Group rose by 7·8 per cent. On 1st July, 1981 an increase was implemented in motor insurance tariffs, the most important sector for Allianz. As a result Allianz is confident that the growth in premium income from direct German business will be greater in the current year than the increase of 6·3 per cent. in 1980. Foreign premium income has risen by some 50 per cent. during the first half of 1981 compared with the same period in 1980. This substantial increase in general reflects the growth in the activities of Allianz abroad, but it has been particularly affected by the rise in premiums from the United States where the appreciation of the dollar has been of considerable assistance.

The expansion into new foreign markets has been continued in 1981. In addition to the investment in the United Kingdom, in Eagle Star Holdings Limited, Allianz has recently incorporated in Singapore a subsidiary with a share capital of S$5·0 million; named Allianz Insurance (Singapore) Pte. Limited it will cover all sectors of non-life and industrial insurance. In Indonesia a representative office has been opened in Jakarta.

Despite an increase in the amount and size of claims notified in Germany, the Allianz Group's claims experience for the majority of European countries has been better so far this year compared with 1980 and thus Allianz believes 1981 will show a further underwriting profit. As far as investment income is concerned, the present indications are that results will be satisfactory in 1981.

Allianz Life has increased the amount of new business written during the first half of 1981 and premium income is up by 9·8 per cent. compared with the same period in 1980. Total business in force for Allianz Life is now more than DM 100 billion.

Boards, Management and Staff

In accordance with German law each of the companies of the Allianz Group has both a Supervisory Board and a Board of Management. The two boards are separate and no individual may be a Member of both boards. In addition Allianz has three advisory boards, namely a Joint Advisory Board of Allianz and Allianz Life, an International Advisory Board and a Technical Advisory Board.

Supervisory Board

Under the Co-Determination Law (Mitbestimmungsgesetz), which came into force in July 1976, the Supervisory Board of Allianz consists of 20 members, of whom 10 are elected by the shareholders in general meeting and 10 by the employees. Seven representatives nominated by the employees and three nominated by the trade unions are elected by the employees themselves in such a way as to give appropriate representation to different groups.

Under the Co-Determination Law the Chairman and Deputy Chairman of the Supervisory Board are elected by a two-thirds majority of the Board; failing this, the shareholders' representatives elect the Chairman and the employees' representatives elect the Deputy Chairman. In addition, the appointment by the Supervisory Board of members of the Board of Management requires a two-thirds majority. However, if this cannot be achieved there are procedures under which the appointment will be made by simple majority and under which the Chairman of the Supervisory Board will have a second vote.

Members of the Supervisory Board are normally elected for terms of five years but are eligible for re-election thereafter. Any member elected by the shareholders in general meeting can be removed by a simple majority of the shareholders in general meeting. In normal circumstances the Supervisory Board acts by simple majority vote. In the case of an equality of votes the Chairman of the Supervisory Board has a second vote.

The principal function of the Supervisory Board is to appoint and supervise the Board of Management. However, certain matters, if they are not in the ordinary course of business and are of outstanding importance to Allianz, require the approval of the Supervisory Board.

Board of Management

The number of Members of the Board of Management is determined by the Supervisory Board, the minimum being two. Each Member is appointed by the Supervisory Board for a maximum term of five years and is eligible for re-appointment thereafter, but in certain circumstances, such as a serious breach of duty or a vote of no confidence by the shareholders in general meeting, a Member may be removed by the Supervisory Board prior to the expiry of such term. The normal retirement age of members is 65.

The management and representation of Allianz is the collective responsibility of the Board of Management, which formally meets at monthly intervals.

Staff

Allianz Worldwide employs more than 25,000 people, of whom approximately 85 per cent. are full-time employees in Germany and 15 per cent. abroad. The recent growth in international business is reflected in the very large increase in the number of staff employed abroad, from 420 in 1976 to 3,659 in 1980.

In Germany, the Allianz Group has a staff of around 15,500 and Allianz Life has around 5,900. Of these, approximately 4,500 and 1,500 respectively are employed as field staff. In addition, the sales organisation in Germany includes a further 42,500 full-time and part-time agents who work exclusively for Allianz and Allianz Life.

The Allianz Group has a contributory pension fund which is designed to provide employees with a pension which, together with the social security benefits, is broadly equivalent to the employee's net income prior to retirement. At the end of 1980, the assets of the pension fund (Allianz Versorgungskasse) amounted to DM 1·25 billion, which fully covered the actuarial liability of the fund. There were further assets of DM 0·91 billion in respect of the funding of commitments to provide additional earnings related pensions for full-time employees and agents. Other benefits received by employees in addition to their salaries include an annual bonus, long service bonuses and the opportunity from time to time of acquiring shares in Allianz at a reduced price.

Supervisory Board

Dr.-Ing. E.h. Dr. h.c. Hans-Günther Sohl
Honorary Chairman of Thyssen AG,
Chairman

Gerhard Claasen*
Employee, Allianz Versicherungs-AG,
Deputy Chairman

Dr. Hans Friderichs
Spokesman of the Board of Management of Dresdner Bank AG,
Deputy Chairman

Dr. Wilfried Guth
Spokesman of the Board of Management of Deutsche Bank AG,
Deputy Chairman

Alfons Goppel*
Employee, Bayerische Versicherungsbank AG, DHV-Deutscher Handels- und Industrieangestellten-Verband im Christlichen Gewerkschaftsbund Deutschlands

Professor Dr. Herbert Grünewald
Chairman of the Board of Management
Bayer AG

Dr. Max Hackl
Spokesman of the Board of Management,
Bayerische Vereinsbank

Dr. Kurt Klasen
Former Governor of the Deutsche Bundesbank

Georg Kohler*
Employee, Bayerische Versicherungsbank AG

Richard Mayer*
Employee, Allianz Versicherungs-AG

Professor Dr. h. c. Hans L. Merkle
Chairman of the Board of Management,
Robert Bosch GmbH

Heinz Offermann*
Head of Bundesberufsgruppe Versicherungen,
Deutsche Angestellten-Gewerkschaft

Dr. Egon Overbeck
Chairman of the Board of Management,
Mannesmann AG

Otto Rettberg*
Official, Deutsche Angestellten-Gewerkschaft

Dr. Otto Schedl
Former Minister of the State of Bavaria

Günter Scheu*
Employee, Allianz Versicherungs-AG

Dr. Dieter Schmidt*
Employee, Frankfurter Versicherungs-AG

Dr. Hans Seyfried*
Departmental Head, Allianz Versicherungs-AG

Dr. Peter von Siemens
Member of the Council of Honorary Chairmen of the Supervisory Board, Siemens AG

Dr. Rüdiger Stroebel*
Employee, Allianz Versicherungs-AG

*Elected by the employees.

All of Koniginstrasse 28, 8000 Munchen 44, Germany

Board of Management

Dr. Wolfgang Schieren
Aged 54; joined Allianz in November 1956; Member of the Board of Management since April 1970. Chairman since July 1971.

Dr. Peter Adolff
Aged 48; joined Allianz in October 1976; Member of the Board of Management since October 1976 and has particular responsibility for Business Administration.

Arno Paul Baumer
Aged 61; joined Allianz in August 1949; Member of the Board of Management since January 1967 and has particular responsibility for Allianz Life.

Dr., Dr. h. c. Marcus Bierich
Aged 55; joined Allianz in July 1980; Member of the Board of Management since July 1980 and is the Chief Financial Officer. (formerly Member of the Board of Management and Chief Financial Officer of Mannesmann AG).

Helmut Bossenmaier
Aged 57; joined Allianz in February 1946; Member of the Board of Management since February 1971 and has particular responsibility for Marketing.

Dr. Heinz Braun
Aged 59; joined Allianz in January 1966; Member of the Board of Management since January 1966 and has particular responsibility for Engineering Insurance.

Detlev von der Burg
Aged 46; joined Allianz in October 1962; Member of the Board of Management since January 1975 and has particular responsibility for International Operations.

Dr. Uwe Haasen
Aged 51; joined Allianz in April 1958; Member of the Board of Management since January 1974 and has particular responsibility for United States Operations.

Franz Link
Aged 61; joined Allianz in June 1952; Member of the Board of Management since July 1976 and has particular responsibility for Personnel.

Dr. Wolfgang Muller
Aged 55; joined Allianz in April 1955; Member of the Board of Management since January 1970 and has particular responsibility for Personal Accident and General Liability.

Walter Rostock
Aged 56; joined Allianz in January 1974; Member of the Board of Management since January 1974 and has particular responsibility for Marine and Aviation.

Dr. Hans-Jürgen Schwepcke
Aged 60; joined Allianz in September 1972; Member of the Board of Management since September 1972 and has particular responsibility for Motor and Legal Expenses Insurance.

Dr. Jan Boetius
Aged 42; joined Allianz in January 1968; Deputy Member of the Board of Management since 1st January, 1981 and has particular responsibility for Business Administration.

Detlev Bremkamp
Aged 37; joined Allianz in September 1963; Deputy Member of the Board of Management since 1st January, 1981 and has particular responsibility for Property Insurance.

All of Koniginstrasse 28, 8000 München 44, Germany

Advisory Boards

Joint Advisory Board of Allianz Versicherungs-AG and Allianz Lebensversicherungs-AG

Dr.-Ing. E. h. Dr. h. c.
Hans-Günther Sohl
Honorary Chairman of Thyssen AG,
Chairman

Antonio Carlos de Almeida Braga
Presidente do Grupo Atlantica-Boavista de Seguros

Dr. Hellmuth Buddenberg
Chairman of the Board of Management,
Deutsche BP Aktiengesellschaft

Dr. Karlheinz Bund
Chairman of the Board of Management,
Ruhrkohle AG

Georg W. Claussen
Chairman of the Supervisory Board,
Beiersdorf AG

Horst Elfe
Member of the Board of Management,
Deutsche Eisenhandel AG
President, Chamber of Industry and Commerce in Berlin

Otto Esser
President, Confederation of German Employers' Associations

Dr. Friedrich Karl Flick
General Partner, Friedrich Flick KG

Eberhard von Heusinger
Chairman of the Board of Management,
Varta AG

Wilhelm Karmann
Chairman of the Board of Management,
Wilhelm Karmann GmbH

Karl Oskar Koenigs
Partner, Bankhaus B. Metzler seel. Sohn & Co.

Dr. Jürgen Krackow
Chairman of the Board of Management,
Stahlwerke Röchling-Burbach GmbH

Hans Jakob Kruse
Spokesman of the Board of Management,
Hapag-Lloyd AG

Dr. h. c. Harald Kuhnen
Partner, Bankhaus Sal. Oppenheim jr. & Cie.

Dr. Werner Lamby
Member of the Board of Management,
Vereinigte Industrie-Unternehmungen AG

Dr. Manfred Lennings
Chairman of the Board of Management,
Gutehoffnungshütte Aktienverein

Dr. Hans Meinhardt
Chairman of the Board of Management,
Linde AG

Dr. Dietrich Wilhelm von Menges
Member of the Supervisory Board,
Gutehoffnungshütte Aktienverein

Dr. Heribald Närger
Member of the Board of Management,
Siemens AG

Professor Dr. Hans Werner Osthoff

Hugo Rupf
Honorary Senator, Chairman of the Supervisory Board, J. M. Voith GmbH

Casimir Johannes Prinz zu Sayn-Wittgenstein
Deputy Chairman of the Board of Management, Metallgesellschaft AG

Walter Scheel
Former President of the Federal Republic of Germany

Professor Dr. Matthias Seefelder
Chairman of the Board of Management,
BASF AG

Dr. Walter Seipp
Chairman of the Board of Management,
Commerzbank AG

Dr. Dieter Spethmann
Chairman of the Board of Management,
Thyssen AG

Dr. Wolfgang Vaerst
First President and Chairman of the Board of Management, German Federal Railways

Otto Wolff von Amerongen
President, Association of German Chambers of Industry and Commerce.

Professor Dr. Otmar Wasmer
Chairman of the Board of Management,
BayWa AG

Dr. Horst Wiethüchter
Chairman of the Board of Management,
Reemtsma Cigarettenfabriken GmbH

Professor Dr. Joachim Zahn
Member of the Supervisory Board,
Daimler-Benz AG

International Advisory Board

Dr.-Ing. E. h. Dr. h. c.
Hans-Günther Sohl
Honorary Chairman, Thyssen AG,
Federal Republic of Germany,
Chairman

Umberto Agnelli
Vice Presidente, Fiat S.p.A., Italy

Dick de Bruyne
President of the Managing Board,
Royal Dutch Petroleum Company,
The Netherlands

Roger Fauroux
Président Directeur Général,
Compagnie de Saint-Gobain-Pont-à-Mousson, France

Emmanuel Tesch
Chairman of the Board of Management,
ARBED
Aciéries Réunies de Burbach-Eich-Dudelange SA, Luxemburg

Dr. Heinrich Treichl
Member of the Supervisory Board,
Creditanstalt-Bankverein, Austria

Technical Advisory Board

Dr. Jürgen Krackow
Chairman of the Board of Management,
Stahlwerke Rochling-Burbach GmbH,
Chairman

Reinhardt Abraham
Member of the Board of Management,
Deutsche Lufthansa AG

Klaus Barthelt
Chairman of the Board of Management,
Kraftwerk Union AG

Hermann Becker
Honorary Senator, Spokesman of the Board of Management, Philipp Holzmann AG

Professor Werner Breitschwerdt
Member of the Board of Management,
Daimler-Benz AG

Dr. Bernhard von Gersdorff
Member of the Board of Management,
Berliner Kraft-und Licht (BEWAG)-AG

Dr. Franz Josef Hufnagel

Professor Dr. Klaus Knizia
Chairman of the Board of Management,
Vereinigte Elektrizitatswerke Westfalen AG,
Professor, University of Dortmund

Dr. Rolf Leber
Member of the Board of Management,
AEG-Telefunken Anlagentechnik AG

Bodo H. Liebe
Chairman of the Board of Management,
Klockner-Humboldt-Deutz AG

Helmut H. Lohr
Chairman of the Board of Management,
Standard Elektrik Lorenz AG

Professor Dr. Reimar Lüst
President, Max Planck Society

Professor Gero Madelung
Chairman of the Board of Management,
Messerschmitt-Bölkow-Blohm GmbH

Wolfgang Mattick
Member of the Board of Management,
Brown, Boveri & Cie. AG

Dr. Wolfgang Muller
Member of the Board of Management,
Maschinenfabrik Augsburg-Murnberg AG

Dr. Dietrich Natus
Spokesman of the Executive Board,
Lurgi Companies
Member of the Board of Management,
Metallgesellschaft AG

Gunter Max Paefgen
Member of the Supervisory Board,
Friedrich Flick KG

Dr. Ulrich Segatz
Spokesman of the Board of Management,
Preussische Elektrizitäts-AG

Franz J. Spalthoff
Member of the Board of Management,
Rheinisch-Westfalisches Elektrizitatswerk AG

Accountants' Report

The following is a copy of a report from Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, the auditors of Allianz. Accounting law and practice in Germany differ from those in the United Kingdom; the balance sheets and profit and loss accounts have not been restated to comply with United Kingdom law and practice. Set out under the heading "Restatement of Results" above there is a restatement of the profit and loss accounts amended to show underwriting profit and pre-tax profit in the manner normally adopted by United Kingdom insurance companies.

To: The Board of Management
ALLIANZ VERSICHERUNGS-AKTIENGESELLSCHAFT — 28th September, 1981

Gentlemen,

We have examined the accounts of Allianz Versicherungs-AG (Allianz) and its consolidated subsidiary companies (together referred to as the Allianz Group) for the period from 1st January, 1976 to 31st December, 1980. The accounts of Allianz and the consolidated accounts were prepared in accordance with generally accepted accounting principles and legal requirements applicable to insurance companies in Germany and we issued audit opinions thereon in accordance with German law and without qualification. Details of subsidiaries included in the consolidated accounts are shown with asterisks in the table in the section headed "Allianz Interests in Germany" of the introduction document.

The original accounts of Allianz and Allianz Group in the German language containing full figures and our unqualified opinions were published in the "Bundesanzeiger".

The summary of profits in section II, balance sheets in section III and summary of balance sheets in section IV summarise the information given in the published accounts and, in our opinion, are fairly presented on the bases stated above in accordance with the accounting principles set out in section I.

Amounts in this report are expressed in millions of Deutsche Marks (DM) unless otherwise specified.

I Accounting Policies

1. Bases of consolidation

(a) Subsidiaries

The consolidated accounts are prepared in accordance with German law and consequently include all German subsidiaries in which Allianz owns directly or indirectly more than 50 per cent. of the equity capital and exercises management control. They also include five subsidiaries in which Allianz owns 50 per cent. or less of the equity capital but exercises control under a management contract.

Foreign subsidiaries are excluded, as are two German subsidiaries in which Allianz holds more than 50 per cent. of the equity capital but does not exercise management control.

Allianz Life, in which Allianz has a 46 per cent. shareholding, is also excluded on the grounds that the businesses of life and general insurance are sufficiently dissimilar that its inclusion would materially distort the consolidated accounts. Financial information relating to Allianz Life is given in a separate section of the introduction document.

Subsidiaries are consolidated on the basis of audited accounts made up to 31st December each year, employing uniform accounting policies. Details of all subsidiaries are shown in the sections headed "Allianz Interests in Germany" and "Allianz Interests Abroad" of the introduction document.

(b) Participations

German law does not permit the equity basis of accounting for associated companies. Group profit, therefore, includes dividends received from investments in other companies, and from subsidiaries which are not consolidated, in the year in which the dividends are received. Participations are valued as shown in sub-paragraph 2 *(a)* (ii) below.

2. Accounting Principles

(a) Investments

Revaluation of investments above cost is not permitted under German law.

German law does not require the disclosure of market value or other valuation information.

Profits and losses on the realisation of investments and amounts written off are credited or charged to the profit and loss account and not taken direct to reserves.

(i) Land and properties

Land and properties are stated at cost less depreciation. Depreciation is charged at the maximum rates permitted by the fiscal authorities on the straight line or reducing balance methods as appropriate, and exceptional depreciation is charged when permitted by the fiscal authorities.

German companies are not required to show details of total cost and depreciation, but most disclose details of additions (at cost), disposals (at net book value) and depreciation charged during the year, by class of asset.

Where profits arise on disposal of land and buildings, they may in certain circumstances be deferred under fiscal law, being applied to reduce the acquisition cost of additions to land and buildings within a given period of time. In such cases the additions are stated at cost, the deferred profit is deducted as special depreciation and normal depreciation is charged on the reduced cost.

(ii) Participations

Investments in subsidiaries are stated at cost less amounts written off when there is evidence of permanent diminution in value. Amounts once written off are not subsequently written back even when the original cause of the write-off no longer applies.

Other participations represent long term investments in either insurance or industrial companies held primarily for business reasons. They are valued in the same way as investments in subsidiaries.

(iii) Securities

Securities comprise fixed interest investments, shares and other investments not classified as participations. They are stated at cost less amounts written off in accordance with legal requirements when market value is lower than net book value. Amounts once written off are not subsequently written back even when the original cause of the write-off no longer applies.

From time to time shares may be acquired for the securities portfolio in companies where Allianz already holds a participation. In such circumstances the additional shares are classified as securities and are not included with the participation.

(b) Unearned premiums

Unearned premiums, set aside to provide for periods of risk extending beyond the end of the financial year, are determined from premiums written during the year, less reinsurance and a proportion of commission payable to agents, on the basis that premiums are written on the middle day of each month (the twenty-fourths basis).

(c) Outstanding claims

Full provision is made for outstanding claims, including claim settlement expenses, and claims incurred but not reported. Outstanding claims also include a claims equalisation fund (Schwankungsrückstellung) computed according to insurance regulations.

(d) Expenses and commission

Expenses and commission are written off in the year in which they are incurred, except to the extent that they relate to unearned premiums.

(e) Foreign currencies

All assets and liabilities expressed in overseas currencies, except for participations, are converted to DM at rates of exchange ruling at the balance sheet date. Participations expressed in overseas currencies are converted at the lower of the exchange rate ruling at the time of purchase or the balance sheet date.

Revenue items in overseas currencies are converted at the rate ruling at the time of receipt or payment. Exchange gains and losses are charged or credited to the profit and loss account in the year in which they arise.

(f) Investment income

Investment income comprises interest, dividends and rent receivable during the year on an accrual basis except for dividends which are accounted for only when received. Dividends include the related tax credits.

(g) Taxation

The taxation charge mainly relates to German taxes computed by reference to business profits and is based on current reported figures. Timing differences are not normal in Germany where there are fewer adjustments necessary to reported figures for the determination of tax assessments. No provision is accordingly required for deferred taxation on timing differences.

(h) Pensions

Amounts provided for pension contributions reflect the total pension liability computed annually on an actuarial basis.

II Summary of Profits

The summarised revenue and profit and loss accounts of the Allianz Group for the 5 years ended 31st December, 1980 on the bases described above were as follows:

	See note	1976 DM million	1977 DM million	1978 DM million	1979 DM million	1980 DM million
Premiums written net of reinsurance	(a)	3,362·1	3,689·1	3,877·3	4,459·5	4,950·8
Other underwriting income	(b)	166·3	175·5	201·9	201·8	235·7
Total underwriting income		3,528·4	3,864·6	4,079·2	4,661·3	5,186·5
Claims, surrenders and refunds	(c)	2,158·6	2,400·9	2,509·4	2,880·8	3,302·3
Commission and expenses		850·7	876·8	899·1	1,020·6	1,148·0
Other underwriting expenses	(d)	373·3	424·5	418·1	518·1	544·2
Total underwriting expenses		3,382·6	3,702·2	3,826·6	4,419·5	4,994·5
Underwriting profit		145·8	162·4	252·6	241·8	192·0
Investment income	(e)	562·5	536·5	591·2	666·8	737·0
Other non-underwriting income	(f)	242·4	263·5	310·9	266·2	304·8
Investment expenses	(g)	(112·3)	(157·9)	(201·5)	(195·5)	(255·4)
Pension fund	(h)	(124·0)	(119·0)	(153·7)	(136·0)	(153·7)
Other expenses	(i)	(276·5)	(267·4)	(318·9)	(352·9)	(380·9)
		292·1	255·7	228·0	248·6	251·8
Profit before taxation		437·9	418·1	480·6	490·4	443·8
Taxation		246·3	253·3	289·1	291·1	240·1
Net profit before retention and minorities		191·6	164·8	191·5	199·3	203·7
Minority interests		9·3	9·5	11·1	10·2	11·1
Net profit attributable to Allianz Group	(j)	182·3	155·3	180·4	189·1	192·6
Dividends paid by Allianz in following year	(k)	53·4	53·4	53·4	53·4	83·2

Notes:—

(a) Premiums written net of reinsurance

	1976	1977	1978	1979	1980
Premiums written	4,848·6	5,301·8	5,605·3	6,416·0	6,897·5
Reinsurance ceded	1,486·5	1,612·7	1,728·0	1,956·5	1,946·7
	3,362·1	3,689·1	3,877·3	4,459·5	4,950·8
Of which life reinsurance business written	288·4	294·7	314·3	376·2	442·3

Premiums written net of reinsurance include the capital repayment element of certain premiums.
For the movement in provision for unearned premiums see note (d) below.
The majority of life reinsurance business accepted is from Allianz Life.

(b) Other underwriting income

	1976	1977	1978	1979	1980
Interest on long term funds:					
Life reinsurance business	76·8	81·0	86·8	100·8	107·3
Capital repayment type policies	66·7	74·9	81·8	83·3	95·9
	143·5	155·9	168·6	184·1	203·2
Other income	22·8	19·6	33·3	17·7	32·5
	166·3	175·5	201·9	201·8	235·7

A proportion of investment income is allocated to life reinsurance business and capital repayment type policies in accordance with insurance regulations and cannot be utilised as general business income.

(c) Claims, surrenders and refunds

	1976 DM million	1977 DM million	1978 DM million	1979 DM million	1980 DM million
Payments and provisions	2,151·0	2,401·1	2,580·5	2,903·9	3,347·4
Transfer to/(from) claims equalisation fund	7·6	(0·2)	(71·1)	(23·1)	(45·1)
	2,158·6	2,400·9	2,509·4	2,880·8	3,302·3

Transfers to/from the claims equalisation fund are computed on a statistical basis according to regulation R4/78 of the Insurance Regulations.

(d) Other underwriting expenses

	1976	1977	1978	1979	1980
Increase in actuarial provisions for life reinsurance business	129·9	150·6	157·8	198·7	233·4
Increase in other actuarial provisions	120·8	140·1	164·4	150·1	159·3
Increase in provision for unearned premiums	41·2	87·7	56·5	99·8	82·3
Other underwriting costs	81·4	46·1	49·4	69·5	69·2
	373·3	424·5	418·1	518·1	544·2

(e) Investment income

	1976	1977	1978	1979	1980
Income from investments	624·6	686·7	759·3	851·1	938·5
Profits from sale of investments	109·3	36·5	33·4	33·1	35·1
	733·9	723·2	792·7	884·2	973·6
Less: allocated to life reinsurance and capital repayment type policies	171·4	186·7	201·5	217·4	236·6
	562·5	536·5	591·2	666·8	737·0

Investment income allocated to life and other long-term business includes the proportion applicable to reinsurance business ceded. The amount shown in note (b) above excludes this latter proportion which is credited against interest expense.

(f) Other non-underwriting income

	1976	1977	1978	1979	1980
Commissions	194·2	228·4	240·1	249·3	276·5
Exchange gains	23·8	12·6	15·5	5·4	1·2
Other income	24·4	22·5	55·3	11·5	27·1
	242·4	263·5	310·9	266·2	304·8

Commission income less amounts payable (shown in "other expenses" note (i)) represents Allianz Group commission on business referred to other insurance companies.
Other income in 1978 includes DM 45·0 million in respect of special provisions no longer required for taxation on capital gains.

(g) Investment expenses

	1976	1977	1978	1979	1980
Depreciation on land and properties	48·6	65·3	78·9	34·6	40·8
Other amounts written off investments	25·8	50·1	72·4	106·4	152·4
Administration costs	37·9	42·6	50·2	54·5	62·2
	112·3	157·9	201·5	195·5	255·4

(h) Pension costs comprise employer's contributions to the staff contributory pension scheme and payments to the non-contributory scheme for agents with exclusive contracts.

(i) Other expenses

	1976	1977	1978	1979	1980
Commissions	192·8	226·6	238·1	247·4	274·4
Exchange losses	9·6	7·4	11·6	10·5	3·5
Rebates on motor insurance premiums	—	—	28·9	35·4	41·1
Other expenses	74·1	33·4	40·3	59·6	61·9
	276·5	267·4	318·9	352·9	380·9

Rebates in respect of motor liability policies must be given as determined by the regulations.
Other expenses in 1976 includes DM 42·4 million in respect of a special provision for taxation on capital gains.

(j) Apart from dividends approved in Annual General Meeting, appropriations to reserves are made from the attributable profit in any of the following ways:—

1. By the Board of Management from profit of the year.
2. By the Annual General Meeting in the following year.
3. In subsidiaries, reflected in the consolidation adjustments.

Where appropriations to reserves are made in Annual General Meeting additional taxation costs arise. These costs varied between nil and DM 9·7 million in the five years ended 31st December 1980.
Transfers to/from the special reserves are classified as provisions and included in other non-underwriting income or expenses.

(k) Dividends paid

Dividends paid by Allianz in respect of the five years ended 31st December, 1980 were:—

	Number of shares in issue: Fully paid	Partly paid	Dividend per share (DM): Fully paid	Partly paid
1976	4,435,167	1,804,000	10	5
1977	4,435,971	1,804,000	10	5
1978	4,436,000	1,804,000	10	5
1979	4,436,000	1,804,000	10	5
1980	8,320,000	—	10	—

With effect from the 1977 dividend shareholders resident in Germany were also entitled to an imputed tax credit at the rate of 36/64ths of the dividend.

III Balance sheets of Allianz and Allianz Group as at 31st December, 1980

The balance sheets of Allianz and Allianz Group as at 31st December, 1980 were as follows:—

	See note	Allianz DM million	Allianz Group DM million
Assets			
Land and properties		987·2	1,250·0
Bonds and loans		1,583·4	2,103·2
Participations	(a)	1,556·8	1,529·8
Securities	(b)	3,778·9	4,867·6
Other investments	(c)	376·6	539·4
Total investments	(d)	8,282·7	10,230·0
Deposits held by ceding insurers		2,352·0	2,118·6
Insurance accounts receivable		495·1	578·6
Other assets	(e)	465·2	518·9
Total assets		11,575·0	13,497·1
Liabilities			
Unearned premiums		987·1	1,179·6
Policy and premium reserves	(f)	1,874·3	1,874·3
Outstanding claims	(g)	3,836·2	4,570·4
Other underwriting provisions		1,333·0	1,582·7
Underwriting provisions net of reinsurance		8,030·6	9,207·2
Deposits retained on reinsurance business ceded		573·3	577·2
Insurance accounts payable		146·2	124·8
Other liabilities and provisions	(h)	1,055·0	1,372·0
Minority interests		—	195·2
		9,805·0	11,576·4

APPOINTMENTS

هكذا من الأحول

Three board posts at Chef and Brewer

Three new directors have been appointed to the CHEF AND BREWER board. They are Mr M. J. Kettell, who takes board responsibility for five operating companies in Southern England and succeeds Mr M. P. Aiken, who leaves the board to become managing director of Truman. Mr D. J. Brookes, a director and company secretary, and Mr R. H. Stanley, who joins the board as a non-executive director.

★

Lord Remnant has been appointed chairman of TOUCHE REMNANT AND CO. in place of Sir Anthony Touche, who has resigned because of pressure of other commitments but remains an executive director. Mr D. H. LeRoy-Lewis, a director of Touche Remnant and Co. since 1974 and formerly chairman of Ackroyd and Smithers has become deputy chairman. Mr G. W. Hagge is now sole managing director.

★

Mr John Prosser, Mr David Tebbs and Mr Ronald Yearsley have been appointed full directors of BUSINESS INTELLIGENCE SERVICES.

★

Lord Ampthill has been appointed a director of UNITED NEWSPAPERS.

★

Mr Roy H. Peters has been appointed a director of COUNTY BANK. Mr S. C. White and Mr C. A. Bloomfield have become assistant directors and Mr G. A. Frier, a manager. From October 5, Mr Robin H. Bryant, a director, will be responsible for the bank's branch office in Leeds. He succeeds Mr A. K. H. Fletcher, who is retiring from the board on that date.

★

Mr Roy Milner has become chairman of KODAK in place of Mr F. J. Mockfoot, who has retired. Mr Milner joined the company in 1953 and became managing director in 1979, a post he retains.

★

Mr Harvey Starey has been appointed a director of HILL SAMUEL INVESTMENT MANAGEMENT INTERNATIONAL.

★

Major-General Michael Hogge has been appointed general manager of the REGULAR FORCES EMPLOYMENT ASSOCIATION in succession to Major-General Pat Claxton, who retires at the annual meeting on October 9.

★

Mr R. I. Shaw, managing director, is the new chairman of EFG (TIMBER PRODUCTS). Mr Wilf Hare, Mr Alan Ratledge and Mr Rodney Clark are now directors. Mr Alan Joynes has been made chairman of EFG (NURSERIES). Both concerns are subsidiaries of the Economic Forestry Group.

★

Mr Shaun Belford has been appointed chief executive of the NORTHERN IRELAND TOURIST BOARD. He joined the board in 1971 as special projects manager and became development director.

★

Mr T. Jackson and Mr J. Irving have been appointed directors of LONSDALE UNIVERSAL.

★

Mr Malcolm S. Mackenzie has been appointed assistant managing director of INTERNATIONAL HAVESTER COMPANY OF GREAT BRITAIN. His former position as director of finance has been taken up by Mr Patrick S. Jones, who has been assistant controller of the organisation's European, African and Middle Eastern operations for agricultural equipment, based in Paris. Mr Mackenzie also becomes acting managing director until a managing director is appointed.

★

Mr Nobumitsu Kagami has been appointed a director of JARDINE FLEMING INVESTMENT SERVICES. He was formerly a director of economic research and senior economist of Nomura Research Institute in Tokyo.

★

Mr H. J. Hann has joined the board of GRATTAN as a non-executive director. He is chairman and managing director of the retail division of Boots Company.

★

Mr Michael J. Hyslop has been appointed financial director of Ultra Electronic Controls, and Mr David Maddick has become technical director—components of Ultra Electronic Components. Both companies are members of the DOWTY GROUP.

★

Mr J. W. R. T. Middleton, a member of the Law Society of Scotland has joined DOBSON PARK INDUSTRIES as secretary.

★

Mr Dennis S. Greensmith has joined the board of BENTALLS as a non-executive director. He was previously with Lewis's, Selfridges, and Sears Holdings.

★

Mr David Alexander, senior financial director of JOHN WALKER AND SONS, has retired. His responsibilities will be taken over by Mr Charles Murray, financial director.

★

Ms Marcia Stanton has been appointed executive assistant to Lord Grade, chairman and chief executive of ASSOCIATED COMMUNICATIONS CORPORATION. She has been with the company for a number of years and has been personal assistant to Lord Grade since 1972.

★

Mr J. D. Lloyd has been appointed a director of LONDON AND LIVERPOOL TRUST.

★

Mr R. S. Leighton, a director of Rouse Woodstock, has joined the board of ROUSE WOODSTOCK INTERNATIONAL, the commodity broking subsidiary of Mercantile House Holdings.

★

Mr Ray Barraclough, formerly a partner of Buzzacott and Co., has joined the board of TRUST SECURITIES HOLDINGS as finance director.

★

The Hogg Robinson Group states that Mr James H. Vaughn, formerly chairman of Fred S. James and Co. Inc, and Mr J. A. Hill, previously chairman of the Aetna Insurance Company, have joined the board of its American associate REPUBLIC HOGG ROBINSON.

★

Sir Donald Hawley has been appointed to the board of EWBANK AND PARTNERS.

★

Mr N. E. K. Openshaw has been appointed an executive director of McLEOD RUSSEL.

★

Mr Lawrence A. Hamilton will join the board of the WESLEYAN AND GENERAL ASSURANCE SOCIETY on November 1, and will be appointed general manager designate from that date.

★

Mr W. J. Hayden has been appointed to the new post of deputy chairman of PROPERTY PARTNERSHIPS. Mr Christopher Binns, managing director of its subsidiary, Property Partnerships (Hotels), has joined the main board.

★

Professor I. L. Dillamore, Professor of Metallurgy and Dean of the Faculty of Engineering at the University of Aston, Birmingham, has been appointed director of the European research and development centre in Birmingham of INCO.

★

Mr Patrick Hodgson, an assistant director of J. Henry Schroder Wagg and Co., has been seconded for a two-year period to the projects and export policy division at the DEPARTMENT OF TRADE, as financial adviser (assistant secretary) from October 5.

★

Mr J. Vello and Mr H. Ellis have been appointed to the board of PAYEN INTERNATIONAL, a subsidiary of Turner and Newall.

★

The Secretary for the Environment has appointed Mr Bernard V. Henderson to replace Mr Alex Morrison as chairman of the ANGLIAN WATER AUTHORITY and Sir Godfrey Taylor to succeed Mr Arthur Smyth as chairman of the SOUTHERN WATER AUTHORITY.

★

Mr A. G. Pernyes, formerly of GKN Distributors, has been appointed a director of the NEW OPPORTUNITY PRESS.

★

Mr W. P. Brown has been appointed to a new co-ordinating position in the expansion and development of the various overseas services of the THOMAS MEADOWS INTERNATIONAL group. He has been succeeded as UK freight services director by Mr R. C. Kelly.

★

Mr A. S. W. Abell has been appointed contracts director of THERM-A-STOR, Perivale.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	14 %	Heritable & Gen. Trust	14 %
American Express Bk.	14 %	■ Hill Samuel	§16 %
Amro Bank	16 %	C. Hoare & Co.	†14 %
Henry Ansbacher	16 %	Hongkong & Shanghai	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	16½ %
Associates Cap. Corp.	14 %	Langris Trust Ltd.	14 %
Banco de Bilbao	14 %	Lloyds Bank	16 %
BCCI	16 %	Mallinhall Limited	16 %
Bank of Cyprus	14 %	Edward Manson & Co.	17 %
Bank of N.S.W.	14 %	Midland Bank	16 %
Banque Belge Ltd.	16 %	■ Samuel Montagu	16 %
Banque du Rhone et de la Tamise S.A.	16½ %	■ Morgan Grenfell	16 %
Barclays Bank	16 %	National Westminster	16 %
Beneficial Trust Ltd.	15 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	15 %	P. S. Refson & Co.	14 %
Bristol & West Invest.	17 %	Slavenburg's Bank	16 %
Brit. Bank of Mid. East	16 %	E. S. Schwab	17 %
■ Brown Shipley	16 %	Standard Chartered	‖16 %
Canada Perm't Trust	16½ %	Trade Dev. Bank	14 %
Cayzer Ltd.	16 %	Trustee Savings Bank	16 %
Cedar Holdings	14 %	TCB Ltd.	16 %
■ Charterhouse Japhet	16 %	United Bank of Kuwait	14 %
Choulartons	14 %	Whiteaway Laidlaw	14½ %
Citibank Savings	¶16 %	Williams & Glyn's	16 %
Clydesdale Bank	16 %	Wintrust Secs. Ltd.	16 %
C. E. Coates	16 %	Yorkshire Bank	16 %
Consolidated Credits	16 %		
Co-operative Bank	*16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	16 %		
Eagil Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	14 %		
Antony Gibbs	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14.5%. 1-month 14.75%. Short term £4,000/12 month 16.35%.

† 7-day deposits on sums of £10,000 and under 11½% up to £50,000 12% and over £50,000 12½%.

‡ Call deposits £1,000 and over 14%.

§ Demand deposits 11½%.

‖ 21-day deposits over £1,000 15½%.

¶ Mortgage base rate.

Allianz continued

	See note	Allianz DM million	Allianz Group DM million
Shareholders' interest:			
Share capital	(i)	416·0	416·0
Reserves	(j)	1,270·8	1,270·8
Consolidation adjustments	(k)	—	141·7
Distributable profit	(l)	83·2	92·2
		1,770·0	1,920·7
		11,575·0	13,497·1

Notes:—

(a) Participations

Consolidated subsidiaries	26·9	—
Non-consolidated subsidiaries	750·9	750·9
Other participations	778·8	778·9
	1,556·6	1,529·8

Details of the principal companies included in consolidated and non-consolidated subsidiaries and the names of the principal companies included as other participations are given in the sections headed "Allianz Interests in Germany" and "Allianz Interests Abroad" of the introduction document.

(b) Securities

Shares	1,341·7	1,592·1
Fixed interest securities	2,431·7	3,270·0
Other securities	5·5	5·5
	3,778·9	4,867·6

(c) Other investments

	Allianz DM million	Allianz Group DM million
Mortgages	214·1	344·9
Deposits	82·7	99·3
Federal and State guaranteed claims	60·2	67·4
Policy loans	19·6	27·8
	376·6	539·4

The deposits are all for periods of less than one year.

(d) Total investments

Certain investments are held to fund annuity liabilities and capital repayment type policies. No specific funding is required for life business reinsured as the funding is carried by the primary insurer. Disclosure of amounts or categories involved is not required under German law.

(e) Other assets

Cash	105·1	125·1
Capital subscriptions receivable	—	1·4
Office and business equipment	52·5	62·7
Interest and rent receivable	121·7	163·9
Other receivables and prepayments	185·9	163·8
	465·2	516·2

Capital subscriptions receivable represent amounts due from minorities in respect of share capital increases in certain subsidiaries.

(f) Policy and premium reserves

Policy and premium reserves represent the long-term business funds for life reinsurance business and reinsured sickness policies computed annually on an actuarial basis.

(g) Outstanding claims

Outstanding claims	3,690·6	4,502·2
Claims equalisation fund	144·6	168·2
	3,835·2	4,670·4

(h) Other liabilities and provisions

Pension liabilities for additional commitments and for agents	696·0	912·8
Other liabilities and provisions	359·0	459·2
	1,055·0	1,372·0

Other liabilities and provisions include taxation provisions. Tax audits are complete for all years up to and including 1978.

(i) Share capital

Share capital comprises issued and fully paid up shares of nominal value DM 50 each.

In 1980 2,080,000 shares were issued by way of rights, resulting in an addition of DM 158·0 million to share premium account.

(j) Reserves

Legal reserves	264·6	264·6
Special reserves according to German taxation law	8·2	8·2
Distributable reserves	998·0	998·0
	1,270·8	1,270·8

Legal reserves comprise share premium account and other non-distributable reserves stipulated by German law.

(k) Consolidation adjustments

The consolidation adjustments represent Allianz Group's interest in the share capital and reserves of subsidiary companies less the cost of investment.

(l) Distributable profit

The distributable profit represents the amounts available for appropriation at the Annual General Meeting as dividends or as transfers to reserves, either in Allianz or in its consolidated subsidiaries. To the extent that the dividends are less than distributable profit, additional taxation charges arise as described in note (i) of section II above.

IV Summarised Balance sheets

The summarised balance sheets of Allianz Group at 31st December, 1976 to 1980 inclusive were as follows:—

	1976 DM million	1977 DM million	1978 DM million	1979 DM million	1980 DM million
Assets					
Land and properties	926·2	964·4	998·3	1,083·7	1,250·0
Bonds and loans	1,526·3	1,535·7	1,521·8	1,727·1	2,103·2
Participations	852·6	925·6	956·2	1,453·9	1,529·8
Securities	3,518·9	4,046·9	4,529·4	4,475·6	4,867·6
Other investments	381·9	409·9	543·9	515·1	539·4
Total investments	7,205·9	7,882·5	8,549·6	9,260·4	10,290·0
Deposits held by ceding insurers	1,227·3	1,406·2	1,588·2	1,821·7	2,116·6
Insurance accounts receivable	373·5	388·6	404·3	462·6	573·6
Other assets	393·1	433·0	494·9	517·6	516·9
Total assets	9,199·8	10,110·3	11,037·0	12,062·3	13,497·1
Liabilities					
Unearned premiums	824·0	908·0	960·2	1,058·7	1,179·8
Policy and premium reserves	1,109·7	1,263·7	1,426·1	1,631·6	1,874·3
Outstanding claims	3,391·5	3,715·4	3,953·8	4,257·0	4,670·4
Other underwriting provisions	1,002·6	1,096·7	1,262·2	1,416·8	1,582·7
Underwriting provisions net of reinsurance	6,327·8	6,983·8	7,602·3	8,364·1	9,307·2
Deposits retained on reinsurance business ceded	403·6	453·4	504·2	558·3	577·2
Insurance accounts payable	80·7	97·5	82·5	104·2	124·8
Other liabilities and provisions	973·2	1,074·2	1,263·8	1,319·4	1,372·0
Minority interests	131·9	145·5	163·0	179·8	195·2
	7,917·2	8,754·4	9,615·8	10,525·0	11,576·4
Shareholders' interest:					
Share capital	312·0	312·0	312·0	312·0	416·0
Reserves	797·5	871·5	910·0	1,007·5	1,270·8
Consolidation adjustments	85·9	98·6	113·1	127·5	141·7
Distributable profit	87·2	73·8	86·1	90·3	92·2
	1,282·6	1,355·9	1,421·2	1,537·3	1,920·7
	9,199·8	10,110·3	11,037·0	12,062·3	13,497·1

V No audited accounts have been made up since 31st December, 1980.

Yours faithfully,
Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
Dr. Clemm, *Wirtschaftsprüfer*, Dr. Richter, *Wirtschaftsprüfer*

Consulting Accountants' Report

The following is a copy of a report from Thomson McLintock & Co., *Chartered Accountants*, 70 Finsbury Pavement, London EC2A 1SX:—

To: The Board of Management,
ALLIANZ VERSICHERUNGS-AKTIENGESELLSCHAFT,

28th September, 1981

Gentlemen,

In our opinion the information provided in Section I of the Accountants' Report relating to Allianz Versicherungs-AG and the Allianz Group dated 28th September, 1981 taken together with Sections II, III and IV explains the accounting policies and reporting practices adopted by Allianz and the Allianz Group in preparing their annual accounts, from which the statements of profit and financial position in the Accountants' Report have been summarised. These accounting policies and reporting practices have been applied on a consistent basis for the period from 1st January, 1976 to 31st December, 1980 except as otherwise disclosed in the Accountants' Report.

Yours faithfully,
THOMSON McLINTOCK & Co.,
Chartered Accountants.

Shares

Market Quotations and Dealings in Allianz Shares

Allianz shares are traded on the stock exchanges of Frankfurt, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart. The shares are in registered form with bearer coupons for dividends and subscription rights. The listed price for shares of Allianz on The Stock Exchange in London, as shown in "The Stock Exchange Daily Official List", will be for shares of nominal value DM 50 and will be expressed in sterling. All transactions will normally be effected for settlement on the fifth dealing day after the date of the transaction.

The following table sets out the highest and lowest prices at which dealings have taken place on the Stock Exchange in Frankfurt during the period shown (adjusted for rights issues):

	1976	1977	1978	1979	1980	1981*
High	DM 349	399	437	425	484	505
Low	DM 292	315	376	355	346	441

*to 24th September, 1981.

On 24th September, 1981 (being the latest practicable date before printing this document) the closing quotation of Allianz shares on the Stock Exchange in Frankfurt was DM 441; based on this quotation the market capitalisation of Allianz is approximately DM 3,670 million (£866 million).

Timetable of Important Dates

The following are approximate dates in Allianz's financial calendar:—

February	Publication of preliminary statement to shareholders.
June	Publication of Annual Report and Accounts for the previous year ended 31st December.
July	Annual General Meeting of shareholders.
July	Payment of annual dividend.

Dividends

Allianz pays an annual cash dividend, usually in July, after the Annual General Meeting (see below for taxation effects for United Kingdom residents).

As soon as practicable after the declaration of dividend Allianz will publish a notice in the United Kingdom *stating the amount payable per share, the coupon to be presented and the procedure for obtaining payment.* The following table sets out the dividend rates declared by Allianz in the five years from 1976 to 1980 inclusive, adjusted for the rights issue in 1980. From 1977 the rate is also shown inclusive of the tax credit arising from the reform of the Corporation Tax Law referred to in note (i) to section II of the Accountants' Report. During the previous five years, from 1971 to 1975, the dividend rates declared by Allianz rose from *DM 3·8 per share to DM 7·6 per share, adjusted for rights issues.*

Dividend per share		1976	1977	1978	1979	1980
Excluding tax credit	DM	8·3	8·3	8·3	8·3	10·0
Including tax credit	DM	—	12·9	12·9	12·9	15·6

Taxation Effects for United Kingdom Residents

The comments below are of a general nature only. Any shareholders who are in doubt as to their personal tax position should consult their professional advisers.

Companies resident in Germany are subject to corporate income tax on profits. The general rate of such tax is currently 56 per cent. on undistributed profits and 36 per cent. on distributed profits. The German imputation tax system entitles shareholders in receipt of dividends to claim a credit of the corporate income tax *of 36 per cent., or a refund of such tax if it is not credited against their own tax liability. However,* under the current double taxation treaty between the United Kingdom and Germany no tax credit is available to non-resident shareholders.

Dividends paid by a company resident in Germany to shareholders who are not so resident are subject to withholding tax at the rate of 25 per cent. of the dividend after deduction of German corporate income tax. *United Kingdom residents to whom such dividends are paid may, under the provisions at present in force and* subject to certain exceptions, apply to the German revenue authorities for a refund which effectively reduces the withholding tax to 15 per cent. Where United Kingdom residents are taxable on the remittance basis in *respect of such foreign source income (that is, United Kingdom residents who are domiciled outside the* United Kingdom and those who are British subjects or Republic of Ireland citizens and are not ordinarily resident in the United Kingdom), *the refund of withholding tax referred to above may be claimed only in* respect of such of the dividends as are treated as remitted to the United Kingdom.

A United Kingdom paying agent who collects foreign dividends on behalf of any person in the United *Kingdom must retain United Kingdom income tax at the basic rate (currently 30 per cent.) from the dividends* paid unless evidence that the beneficial owner is not resident in the United Kingdom is produced. The paying agent may deduct such income tax at a reduced rate so as to give credit for German withholding tax although he may not, without specific authority, give credit for such tax in excess of 15 per cent. Where United Kingdom residents receive dividends through a United Kingdom paying agent, they may also apply to the German *revenue authorities for a refund of withholding tax in excess of 15 per cent. Where dividends are collected by* a non-United Kingdom paying agent, no obligation to retain United Kingdom tax arises.

The net amount of foreign dividends plus the German withholding tax thereon and any tax deducted by a United Kingdom paying agent will, in general, be brought into account for United Kingdom tax purposes as income of the United Kingdom resident entitled thereto. United Kingdom residents taxable on the remittance *basis will be assessed on the basis of foreign dividends treated as remitted to the United Kingdom. In either* case, credit will be given for German withholding tax (up to 15 per cent.) and any tax deducted by a United Kingdom paying agent but not for any German corporate income tax on distributed income.

A bonus issue of share capital by a non-United Kingdom resident company to a United Kingdom resident shareholder will not normally be treated as income assessable for United Kingdom tax purposes.

General Information

1. Share Capital

(A) The present authorised share capital of Allianz is DM 526 million of which DM 416 million is issued, *divided into 8,320,000 fully paid up shares of nominal value DM 50 each.*

(B) (i) On 4th July, 1979 the shareholders of Allianz resolved in general meeting to increase the issued share *capital from DM 312 million to DM 416 million by the issue by way of rights of 2,080,000 shares with a nominal* value of DM 50 per share. The shares were underwritten by a bank consortium and offered to shareholders in the ratio of one for every three held at a price of DM 125 per share. Shareholders were able to exercise *their rights between January and February 1980.*

(ii) On 19th June, 1980 the shareholders of Bayerische Versicherungsbank AG resolved in general *meeting to increase the share capital of the company from DM 15 million to DM 20 million by the issue of* 5,000 shares with a nominal value of DM 1,000 per share by way of capitalisation of reserves. Such shares were issued to shareholders in the ratio of one for every three held.

(C) Save as disclosed above, no share or loan capital of Allianz or of any of its consolidated subsidiaries has, within the two years preceding the date of this document, been issued or is now proposed to be issued, *fully or partly paid, either for cash or for a consideration other than cash or is under option or agreed* conditionally or unconditionally to be put under option.

(D) Apart from commissions paid in respect of the issue mentioned in sub-paragraph B (i) above, no *commissions, discounts, brokerages or other special terms have been granted by Allianz or by any of its* consolidated subsidiaries within the two years preceding the date of this document in connection with the issue or sale of any share capital of such companies.

(E) Munich Re owns 25 per cent. of the issued share capital of Allianz and three banks each own between 5 and 10 per cent. of the issued share capital of Allianz; apart from these holdings Allianz is not aware that *any other person has an interest in 5 per cent. or more of the issued share capital of Allianz.*

2. Financial Position

Save as disclosed herein there has been no material change in the financial position of Allianz since 31st December, 1980.

3. Incorporation

Allianz was incorporated on 17th September, 1889 and registered in Berlin in 1890. Allianz is now registered *in Berlin as an insurance public limited company (Versicherungs-Aktiengesellschaft) under number 92* HRB 975 and in Munich under number HRB 7158.

4. Articles of Association/Shareholders Rights and the Management of Allianz

The following provisions of the Articles of Association of Allianz and of German Company Law affect the rights of shareholders and the management of Allianz:—

(A) *Shareholders' Meetings*

An Ordinary General Meeting must be held within the first eight months following the end of each financial year and is normally convened by the Board of Management and held in Munich. The Board of Management, *the Supervisory Board or shareholders holding more than 5 per cent. of the share capital of Allianz may call* a special meeting of shareholders at any time. Notice of Meetings is published in the *Bundesanzeiger* at least four weeks prior thereto and sent to shareholders on the register. Shareholders on the register wishing *to participate in the meeting must give prior notice of their intent to do so as set out in the notice convening* the meeting. There are no quorum requirements.

(B) *Voting*

Each share carries the right to one vote at a *General Meeting. Only registered shareholders can exercise* voting rights.

Special business, including the alteration of the objects of Allianz, reductions in capital, amalgamations and *certain other matters laid down by law, requires a 75 per cent. majority of the votes cast.*

Normal business, including the alteration of the Articles of Association, increases in capital, the election and dismissal of shareholders' representatives on the Supervisory Board, and the approval of the Annual Accounts and *appropriation of profits, requires a simple majority of the votes cast.*

(C) *Proxies*

Shareholders, who have given notice of participation, may vote at a General Meeting in person or by proxy. A proxy must be in writing and deposited with Allianz or with a Bank as set out in the notice convening the meeting. A proxy need not be a shareholder. A proxy may vote as instructed by the shareholder and in the absence of instructions shall not vote at all except that a proxy which is a Bank may vote in the manner previously recommended by it to the shareholder.

(D) *Pre-emption Rights of Shareholders*

All new shares in Allianz and securities carrying the right to convert into or subscribe for shares must first be offered to the existing shareholders. The right of pre-emption may be disapplied by a resolution of Allianz *in general meeting passed by a majority of 75 per cent. of the votes cast. Such rights have been disapplied* in respect of the existing authorised but unissued share capital up to DM 6 million in nominal value so as to be at the disposal of the Board of Management for issue, in the main, to employees and agents.

(E) *Transfers*

As is normal practice in the German insurance industry, shares can only be transferred with the approval of the Board of Management which approval can only be withheld in the interests of the company on exceptional grounds.

(F) *Members of the Supervisory Board and of the Board of Management*

The number of members of each Board, the method of election and details of their tenure of office is set out in the section headed "Boards, Management and Staff". There is no age limit for members of either Board, nor any share qualification. In 1980 the remuneration of the members of the Supervisory Board was in aggregate DM 709,000, *the remuneration of the Board of Management is set out in paragraph 5 below.*

(G) *Accounts*

Allianz is required to publish Annual Accounts which are prepared in accordance with generally accepted accounting principles and standards and legal requirements as are applicable to insurance companies in Germany and audited in accordance with German law. The Accounts are made available to shareholders at least four weeks before the *Annual General Meeting. The Auditors are appointed by the Supervisory Board.*

(H) *Interests of the Members of the Board of Management*

In the case of a transaction between Allianz and any Member of the Board of Management, Allianz must *be represented by the Supervisory Board. No Member of the Board of Management may represent Allianz* in relation to any contract or arrangement or any other proposal in which he has a material interest.

(I) *Borrowing Powers*

There are no restrictions on the powers of the Members of the Board of Management in respect of borrowings by Allianz.

(J) *Listing Agreement*

Allianz has entered into a Listing Agreement as required by The Stock Exchange. English language translations of relevant documents will be available to shareholders. An abridged form of the Annual Accounts will be distributed at least three weeks before the Annual General Meeting. Financial and other announcements will be advertised in two United Kingdom daily newspapers indicating the place where copies of the relevant information can be obtained in the City of London.

5. Emoluments and Interests of Executives on the Board of Management

(A) The Members of the Board of Management hold in aggregate less than 0·1 per cent. of Allianz shares and they have no non-beneficial interests in the shares.

(B) The employment contracts of the Members of the Board of Management are decided upon by the *Supervisory Board or its competent committee.* These contracts provide, besides the fixed remuneration, for a profit-related bonus depending on the percentage of the dividend.

The aggregate emoluments of Members of the Board of Management amounted to DM 4·9 million in 1980. *Since 1st January, 1981 there has been no change in the bases of the remuneration of the Members of the* Board of Management.

(C) No Member of the Board of Management has or has had within the two years preceding the date hereof *any interest, direct or indirect, in assets which have been or are proposed to be acquired or disposed of by or* leased to Allianz or any of its consolidated subsidiaries. No contract or arrangement subsists or has subsisted within the two years preceding the date hereof, in which a *Member of the Board of Management* is or was materially interested and which is or was significant in relation to the business of Allianz and its consolidated subsidiaries.

6. Material Contracts

During the period of two years immediately preceding the publication of this document:—

(A) *In October 1979 Allianz of America Inc. purchased 100 per cent. of the issued share capital of Fidelity* Union Life Insurance Company, of Dallas, Texas.

(B) In November 1979 Allianz of America Inc. purchased 98·2 per cent. of the issued share capital of the North American Life and Casualty Company, of Minneapolis, Minnesota.

(C) In December 1980 Allianz of South Africa purchased 100 per cent. of the issued share capitals of Shield Insurance Co. Ltd. and Shield Life Insurance Ltd.

(D) In June 1981 Allianz acquired *approximately* 28·1 per cent. of the issued share capital of Eagle Star Holdings Limited.

(E) Save as disclosed above, no material contracts have been entered into by Allianz and its consolidated subsidiaries during the two years immediately preceding the date of this document, other than in the ordinary course of business.

7. Litigation

Save for insurance claims in the ordinary course of business, for which provision has been made, neither Allianz nor any of its consolidated subsidiaries is engaged in any litigation of material importance nor, so far as the Members of the Board of Management are aware, is any material litigation or claim pending or *threatened against Allianz or any consolidated subsidiary.*

8. Expenses

The costs, charges and expenses of and incidental to the introduction of the shares of Allianz to The Stock Exchange in London are payable by Allianz and are estimated to amount to approximately £200,000.

9. UK Place of Business

Allianz has not established a place of business in the United Kingdom. Allianz's subsidiary in the United Kingdom, *Allianz International Insurance Company Limited, has its principal office* at 10 Trinity Square, London EC3P 3AX.

10. Consents

Thomson McLintock & Co. and Deutsche Treuhand-Gesellschaft AG have given and have not withdrawn their written consents to the inclusion herein *of their names and reports in the form and context in which* they appear.

11. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal business hours on any weekday until 16th October, 1981:—

(A) The statutes of Allianz together with a certified translation.

(B) The published accounts of Allianz for the two years ended 31st December, 1980 together with English translations of the Annual Reports and a summary of the Accounts for these two years.

(C) The Accountants' Report and the Consulting Accountants' Report.

(D) The above-mentioned consents.

(E) The above-mentioned material contracts.

12. Copies of this Document

Copies of this document are initially available from Morgan Grenfell & Co. Limited, S. G. Warburg & Co. Ltd., J. Henry Schroder Wagg & Co. Limited, Rowe & Pitman, James Capel & Co. and Allianz at their addresses set out below and will be available in card form in the statistical service of Extel Statistical Services Limited. Copies of the English translation of the 1980 Annual Report and a summary of the Accounts are available from Morgan Grenfell & Co. Limited.

28th September, 1981.

Introduction Arranged by
Morgan Grenfell & Co. Limited
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London EC2P 2AX

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J. Henry Schroder Wagg & Co. Limited
120 Cheapside
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Brokers in London

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City-Gate House
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James Capel & Co.
Winchester House
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Wirtschaftsprüfungsgesellschaft

Consulting Accountants
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Chartered Accountants

Legal Advisers in London
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London EC2V 5DB

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Allianz Versicherungs-AG
Aktienumschreibungsstelle
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Federal Republic of Germany

Paying Agent
Deutsche Bank AG
Postfach 2631
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PROFITS FAIL TO REFLECT SALES GROWTH

Hoechst expects to hold dividend

BY KEVIN DONE IN FRANKFURT

HOECHST of West Germany, one of the world's three largest chemicals groups, expects to boost turnover worldwide this year by almost 14 per cent to more than DM 34bn ($14.5bn).

Profits have not kept pace with the sales expansion—pre-tax profits worldwide were down by 23 per cent to DM 702m in the first six months this year—but Professor Rolf Sammet, Hoechst chief executive, said yesterday that the company expected to be able to hold its 1981 dividend at DM 7 per share.

In common with all other leading European chemicals groups Hoechst has run into serious problems in plastics, and the company said that losses in this division could total DM 200m.

Hoechst's sales position, however, is beginning to benefit from the comparison with last year's exaggeratedly depressed levels. Third quarter sales in 1981 are substantially up on the correponding period of 1980.

Sales by the parent company are expected to total about DM 12.2bn in 1981, an increase of 9 per cent. Sales volume, helped by strong export markets, should rise by 3 per cent. Sales volume growth is mainly being achieved in pharmaceuticals, agro-chemicals, information technology and fibres and fibres intermediate chemicals.

Hoechst still expects to make a small loss in its West European fibres operations, however. There was still around 500,000 tonnes of surplus capacity in West Europe and the sector was only working at around 75 per cent of capacity.

Professor Sammet said profits were under pressure since it had proved impossible to pass on fully higher energy and raw materials costs in higher product prices. Price increases accounted for a turnover rise of about 6 per cent, but there was still a gap of around DM 150m in higher energy and feedstock costs that had not been filled.

Hoechst's capital investment plans worldwide call for spending of around DM 2.1bn next year, a modest rise over the DM 1.9bn that is being invested in new capital equipment in 1981, of which DM 1.1bn is being spent in West Germany and DM 800m in foreign markets.

Professor Sammet said that despite the size of the investment programme there was no "pressing need" to go to the capital markets for new funds. But a rights issue or convertible loan could be made when the market conditions were "suitable."

This year Hoechst has begun work on capital projects worth some DM 2.16bn and this total is expected to rise to DM 2.3bn in 1982. Next year West Germany will account for around 55 per cent of the projects and other countries 45 per cent, with foreign markets taking a growing share.

Of Hoechst's foreign investment, North America is accounting for some 34 per cent, other West European countries 35 per cent and the Far East, which is growing in importance for Hoechst, 12 per cent.

GM revives cut-rate finance for cars

By Our New York Staff

GENERAL MOTORS yesterday revived a programme of cut-rate loans to purchasers of certain of its models in order to stimulate sales. The move came only two days after Chrysler announced price reductions on many of its lines. But GM claimed it was responding to the market, not to Chrysler.

The programme which initially ran from July 28 to September 23, offers purchasers of new GM cars loans at 13.8 per cent, which is well below alternative forms of financing. However, this time the programme will be limited to purchasers of GM's 1981 and 1982 "X" and "J" car models, rather than the whole range of GM models and light trucks as before.

The new round of cheap loans expires on November 11, the day GM introduces the rest of its 1982 models.

Scott Mexico pact

SCOTT PAPER, a leading U.S. producer, said its affiliate in Mexico has acquired a producer of flat grade papers and sanitary tissue products in Mexico for $120m.

It said a subsidiary of its 49 per cent owned Compania Industrial de San Cristobal made the acquisition of Cia de las Fabricas de Papel de San Rafael through a cash payment of $30m and a financing of $100m.

Roussel-Uclaf takeover doubt

BY OUR FRANKFURT STAFF

THE FUTURE ownership of Roussel-Uclaf, the French subsidiary of Hoechst, the West German chemicals group, is clouded by uncertainty, but the parent company said yesterday that the French Government had still not made any direct approach concerning its plans to nationalise the group.

An assurance at Government level has been given, however, that there will be no move towards nationalisation of Roussel-Uclaf without prior negotiations with Hoechst, which owns 57.8 per cent of the French drugs, agrochemicals, fine chemicals and consumer products concern.

Hoechst is one of three major international groups — the others are Honeywell and International Telephone and Telegraph — whose French subsidiaries have faced the threat of nationalisation since the election of President Mitterrand.

The possibility of nationalisation is arousing particular anxiety at Hoechst because it has moved in the last 13 years to integrate closely its drugs operations in France and West Germany and regards the operation as a leading example of successful Franco / German industrial co-operation.

Roussel-Uclaf's turnover last year worldwide amounted to DM 2.3bn ($1bn) a six-fold rise since Hoechst took its first shareholding interests in 1968. Hoechst is estimated to have invested around DM 1bn in the operation in the last 13 years.

There are now eight research and development agreements between the two companies and seven mutual licences. The companies have joint sales operations for drugs, agricultural, fine chemicals and veterinary products in more than 80 countries. About 62 per cent of Roussel-Uclaf's sales are derived from markets outside France.

Fatter margins boost Nutricia

BY CHARLES BATCHELOR IN AMSTERDAM

NUTRICIA the Dutch dairy and foodstuffs group which acquired the Cow and Gate group of the UK in April, reports a tenfold increase in first half profit. It will pay an interim dividend of Fl 1.25 per share, after passing the interim payment last year.

Cow and Gate, whose results were consolidated for three months, made only a small contribution to the profit improvement though the fact that the UK group was in the black was in itself an achievement, Nutricia said. Prior to the take-over from Unigate, Cow and Gate's results were under pressure.

Net profit increased to Fl 6.5m ($2.5m) from Fl 600,000 in the half-year on sales which were 6 per cent higher at Fl 229m. The operating result more than trebled to Fl 12.2m. Sales figures are not truly comparable because of the sale last year of Luycks Produkten and the Cow and Gate purchase.

The improved result was mainly due to strict cost control and an improvement in margins resulting from the move to higher value added products. Nutricia increased sales to the consumer and clinics and reduced supplies to industrial customers.

All group companies contributed to profits and exports rose considerably. The company improved its liquidity position and was able to reduce interest charges.

Nutricia expects the improvement to be maintained in the current six months. Profit per share should substantially exceed 1980, despite the increase in capital associated with the purchase of Cow and Gate.

Xerox raises rental charges

By David Lascelles in New York

XEROX, the world leader in the office copying business, yesterday announced that it is increasing rental prices on its entire line of copiers and duplicators sold on the U.S. market.

The boost comes only days after Xerox revealed plans to lay off "a significant number" of workers in an effort to improve productivity and sharpen its competitiveness.

The rental increases average about 8½ per cent and will take effect on November 1 or January 1, depending on the customer's price plan. Customers with long-term contracts will have prices raised along the terms of their contracts.

Mr Robert Firth, president of Xerox's business systems group, said the higher prices reflected increased costs of labour and materials. They are expected to have little impact on domestic revenues this year but should boost domestic copier-duplicator rental revenues by about 3 per cent next year.

The significant point about the increase is its breadth. Xerox faces toughest competition—mainly from the Japanese—in the small copier market, and it had been expected to hold its prices there to protect market share. From a business strategy viewpoint, the small copier market is important because it is the best place to win new customers. Hopefully, these customers will then trade up to products by the same manufacturers as their copying needs expand.

Eurocurrency financing for Shipholding

By Andrew Fisher, Shipping Correspondent

FINANCE OF $41m mostly in Eurodollars has been arranged for the U.S.-based International Shipholding by Oceanic Finance, the specialists in shipping finance.

Providing the six-year loan will be Banque de Paris et des Pays Bas, Midland Bank International, Oceanic Finance, and Bank of New Orleans.

Oceanic, based in Bermuda, said this was thought to be the first major financing to a U.S. shipping group in which most of the funds were from European sources in Eurodollars.

The money will be used by Lash Carriers, the non-U.S. flag subsidiary of International Shipholding. The group also owns Central Gulf Lines and its shares are traded on the American Stock Exchange.

Mr Paul Slater, president of Oceanic, said the financing would provide the group with "an independently structured debt at a lower interest cost." No details of the terms were available.

Lash Carriers operates two "lash" (lighter aboard ship) carriers, capable of taking 83 barges which are loaded and discharged by the ships' own cranes. It also has three "flash" (feeder lighter aboard ship) and three "splash" (self-propelled lighter aboard ship) vessels.

Lynch completes CIT-Alcatel deal

By Our Financial Staff

LYNCH COMMUNICATIONS, a Nevada based telephone equipment maker, has completed a plan to sell 850,000 common shares, or 25 per cent of its outstanding stock, to CIT-Alcatel, a unit of Compagnie Generale d'Electricite of France for $14.45m. Full details were not given when the deal was announced last month.

The deal provides for close co-operation between the companies in serving the U.S. telecommunications market.

Lynch said it will manufacture and market in North America and various overseas markets a version of CIT-Alcatel's E10 digital switching system specially adapted to U.S. specifications.

The modified system will be ready for mass production and sale in the U.S. within the next two years, it said.

Lynch, which makes sophisticated equipment to upgrade the quality of message handling systems, had sales last year of about $40m.

Marathon stake for SEDCO

By Our Financial Staff

SEDCO, the Dallas based deep water drilling rig company, said in a filing with the Securities and Exchange Commission that it owns 2,796,900 shares or 4.8 per cent of Marathon Oil's outstanding common stock.

It intends to hold the shares as investment and it "remains to be seen" whether it will purchase additional shares. The cost to date was $166m.

Yugoslavia plans $400m Eurocredit this month

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

THE NATIONAL BANK of Yugoslavia will launch a $400m Eurocredit later this month as part of its efforts to cover the country's $4.3bn 1981 foreign borrowing needs.

Dr Ksente Bogoev, the bank's president, said the credit, to be provided mainly by banks in the UK, U.S., Canada and Japan, would be accompanied by efforts to raise smaller loans on a bilateral basis from banks in other countries.

Already it has arranged credits totalling $550m from banks in Kuwait, Libya and France.

Still to come are a credit of $150m from Italian banks and one of $250m from West German banks.

Other finance this year will come from the IMF through drawings totalling $700m on existing facilities. Export credits from the West and other non-financial credits will total $2.2bn.

This should allow Yugoslavia to make debt repayments of $2.2bn, cover its current account balance of payments $1.8bn and increase its reserves of $300m to $2.8bn, Dr Bogoev said.

Dr Bogoev added that forecasts of a $1.8bn payments deficit have not been revised, despite a very bad start to the year when the first half trade deficit was $3.5bn. He said that the payments situation improved in the third quarter through tourist inflows which are expected to be $250m higher this year than last.

Remittances home by Yugoslav workers abroad should increase 30 per cent to $5.4bn.

Yugoslavia had delayed starting its borrowing programme this year because of international concern over its trade performance. Now, this had improved, and the preliminary response from international banks had been favourable.

He was also at pains to stress the distinction between Yugoslavia and countries in the neighbouring Comecon grouping, Poland and Romania.

Unlike those two countries, Yugoslavia has not relied heavily on short-term debt, he said. Short-term borrowings now stand at about $2bn out of a total foreign debt of $18.3bn.

DM 100m Eurobond for Asian Development Bank

BY ALAN FRIEDMAN

A DM 100M eight-year bond was launched yesterday for the Asian Development Bank and was said to be meeting with a favourable reception. The issue carries a 10¾ per cent coupon and is priced at 99 to yield 10.94 per cent. It is being lead-managed by Deutsche Bank.

This bond offer is the one which has been expected by Frankfurt bond traders as the "non-European supranational" mentioned in last week's meeting of the West German Capital Markets Sub-committee.

The coupon is ¼ per cent higher than the 10½ per cent coupon attached to last week's DM 75m seven-year issue for the Bank of America. When the B of A issue was launched demand was still running high for new issues.

But as the Deutsche Mark weakened last week, bond traders predicted that any new issue would have to carry a coupon closer to 11 per cent again.

In the secondary market, Deutsche Mark foreign bond prices were up ¼ point in quiet trading. The market appears to be awaiting a large domestic issue for the Bundespost, the West German post office.

Eurodollar bond prices were also up ¼ point in quiet trading. The market continued to be nervous and uncertain of what price levels should be, but there was some buying interest late in the day from Swiss investors.

The expected £20m Eurosterling convertible bond for Nippon Seiko, the Japanese ball-bearing company, was postponed because of the poor state of both the Tokyo equity market and the Eurobond market. Lead-manager was to have been Kleinwort Benson.

Swiss franc foreign bond prices fell ¼ point on average and trading was reported to have been very thin.

Continental Illinois buys two banks

By Our New York Staff

TAKING advantage of a forthcoming liberalisation of Illinois' tight banking laws, Continental Illinois, Chicago's largest bank, yesterday announced the acquisition of two suburban Chicago banks for a total of $8.4m.

They are the Buffalo Grove National Bank with assets of $30.2m, and the Bank of Oakbrook Terrace with assets of $20.3m.

Although the transactions are tiny, they point to the significant changes that are afoot in Illinois banking.

Under long-standing laws, Illinois banks could only have two branches within a short distance of their headquarters, and were prohibited from buying other banks.

New legislation which becomes effective on January 1 permits them to buy banks in their home regions or continuous regions.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday October 15. Closing prices on October 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 14½ 84	185	94⅛	94⅝	0	−1¼	17.32
CIBC 15¼ 86	75	94½	94⅞	+0⅛	−1⅛	16.91
CNA 15¼ 96	75	88½	88⅞	0	−1⅛	17.39
CNE 13⅞ 91	100	79¾	79¾	0	−1	17.28
Citicorp Int. Fin 15 86	150	94⅛	94⅝	+0⅛	−1⅛	16.70
Citicorp O/S 15½ 84	175	98⅞	99⅜	0	−0½	15.93
Cities Service 17 88	150	100⅝	101⅛	+0¼	−0⅛	16.76
Con. Illinois 14¾ 84	100	94⅛	94⅝	+0⅛	−0⅞	17.32
EEC 14¼ 93	65	87⅞	88⅛	+0⅛	−1⅛	17.17
EIB 16½ 88	100	97⅛	97⅝	+0⅛	−0⅞	17.16
Eldorado 13¼ 86	50	87⅛	87⅞	−0¼	−1⅞	17.37
Elec. de France 13 88	125	83⅝	84⅛	0	−1⅜	17.35
Fed. Bs. D. 15¼ 84 (J)	40	98	98½	+0⅛	−0⅜	16.48
Finland, Rep. of 9½ 86	100	76⅝	77⅛	0	−0½	17.30
Ford Cr. O/S Fin. 16 84	150	98⅛	98⅝	+0⅛	−0⅞	16.73
Ford Cr. O/S Fin. 16 85	150	96⅛	96⅝	+0⅛	−1¼	17.30
Gaz de France 13½ 86	80	88¼	88¾	−0⅛	−1⅛	17.45
GMAC O/S Fin. 12⅞ 88	100	84½	85	+0⅛	−1½	16.92
GMAC O/S Fin. 14¾ 87	100	91⅝	92⅛	0	−1⅛	17.01
Genstar 14¾ 91	50	†89	89½	0	−2	17.01
Hiram Walker 16 86	50	99¼	99¾	+0¼	−1	16.12
IBM Wld. Trade 14¾ 84	100	99¼	99¾	+0¼	−0½	14.89
IBM Wld. Trade 14⅜ 85	60	98½	99	+0⅛	−0½	15.15
Nat. Bk. Canada 15¼ 84	40	†95½	96	+0½	−0⅝	17.22
Newfoundland 17⅛ 89	60	100¾	101¼	+0½	0	17.01
Nova Scotia 15 91	75	90	90½	+0⅛	−2½	17.07
Ontario Hydro 13½ 91	100	85½	86	−0¼	−1⅛	16.55
Pacific Gas Elec. 16 88	75	99¾	100¼	−0¼	−1⅛	15.96
PSNH Int. Fin. 17 86	30	98⅛	98⅝	+0⅛	−0⅛	17.47
Royal Bk. Canada 14 86	100	93¼	93¾	+0⅛	−0¼	16.03
SNCF 13 91	75	80¾	81¼	+0⅛	−1⅜	17.16
Shell Canada 15¾ 91	100	95⅝	96⅛	−0⅛	−1½	16.61
Sth. California 14 87	50	91¾	92¼	+0⅛	−2⅛	16.23
Sth. California 14¾ 88	50	90⅞	91⅜	+0⅛	−3⅛	17.00
Sven Handlsbk. 13¾ 88	45	84⅝	85⅛	−0⅛	−3	17.77
Swed. Ex. Credit 13 86	75	86¼	86¾	+0⅛	−1⅛	17.67
Swed. Ex. Cred. 15⅜ 86	50	94	94½	0	−1¼	17.56
Toronto-Dom. Bk. 14 84	50	93½	94	+0⅛	−0⅞	17.09
Transcanada 17⅜ 88	75	101	101½	+0¼	+0⅛	17.41
Tribune O/S Fin. 14 86	50	89⅛	89⅝	0	−1	17.56
Walt Disney 15⅜ 86	100	95⅞	96⅜	+0⅛	−1	16.94
Wells Fargo Int. 15½ 84	50	97⅞	98⅜	+0⅛	−0⅞	16.29
World Bank 14⅜ 86	500	90½	91	+0⅛	−1⅛	17.32
World Bank 16 86	210	95¾	96¼	0	−1½	17.24
World Bank 16 88	80	94¾	95¼	−0⅛	−1⅞	17.25

Average price changes... On day +0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96	96⅝	0	−0⅛	10.60
Austria Rep. of 8¼ 92	150	85½	86⅛	0	−0⅛	10.45
CECA 7⅞ 92	150	84¾	85⅜	+0⅛	0	10.21
CECA 10 91	120	98¾	99¼	+0⅛	−0½	10.19
CII-Honeywell 8¾ 90	125	84⅝	85½	−0⅛	+0½	11.72
Council of Europe 10 91	100	97¾	98⅛	+1	−0⅛	10.36
EIB 8½ 90	200	88	88¾	0	0	10.65
EIB 10½ 91	200	99½	100¼	−0¼	−0⅛	10.50
ESCOM 9¼ 87	100	89⅞	90⅝	+0⅛	−0⅛	11.56
Finland, Rep. of 10 89	100	97⅛	97⅞	0	−0¼	10.47
Iberduero SA 9 90	100	89¼	90½	0	−0⅛	10.78
Ind. Bk. Finland 8½ 90	50	88⅝	89⅛	−0⅛	0	10.43
Int.-Am. Dv. Bk. 10 91	100	97¾	98½	0	0	10.30
Japan Air Lines 8⅛ 87	100	91¼	92	0	+0⅛	10.01
Japan Dev. Bk. 7¾ 87	100	88½	89⅛	−0⅛	+0⅛	10.12
Kobe, City of 8 90	100	87⅞	88⅛	0	0	10.07
Midland Int. Fin. 8½ 90	180	88¾	89⅛	−0⅛	−0½	10.48
Nuclebras 9⅜ 88	100	88⅛	89⅛	−0⅛	−1⅛	12.24
OKB 8¼ 92	150	84⅞	85⅝	+0⅛	−0⅛	10.60
Oslo, City of 8¾ 90	80	90¾	91½	0	−0⅛	10.39
Renault Acc. 10¾ 86	150	98¼	98⅞	+0⅛	+0⅞	11.14
Venezuela, R. of 9¾ 90	150	93⅛	94⅛	+0¼	0	10.85
World Bank 8 90	700	85⅞	86⅜	+0¼	+0⅞	10.45

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†90½	91	−0⅛	−1⅛	7.91
BFCE 6½ 91	100	88⅝	89	−0¼	−2	8.24
Bayer Int. Fin. 5¼ 92	100	83¾	84	−0⅛	−0⅛	7.46
Reinelectric Fin. 7¾ 91	100	98¼	98½	−0⅛	+0¼	8.01
Bergen, City of 6¾ 91	40	†94	95	−0⅛	−0½	7.57
CECA 6¾ 91	80	91	91½	−1⅞	+1	8.09
Denmark 5¾ 90	80	82¼	83	+1	+0⅛	8.61
Dome Petroleum 5¾ 91	100	85	85¼	−0⅛	−1⅛	8.07
Dome Petroleum 7¼ 90	100	99½	99¾	0	−0⅛	7.30
Elet. de France 5¼ 90	100	80¾	81	−1¼	−1	8.36
Eurofima 5¾ 92	80	†88	88½	0	−3¼	7.34
Finland, Rep. of 5⅜ 90	80	†84½	85	−0⅛	+1⅛	8.09
Franc. Petroles 6½ 91	80	†90	90½	−0⅛	−0⅛	7.98
Genstar 7 91	100	†97	97½	−0⅛	−0½	7.40
Int. Amer. Dv. Bk. 7 91	100	91¼	91½	+0⅛	+0⅛	8.34
Japan Dev. Bank 5¾ 90	100	†90	90½	−0⅛	−1⅛	7.26
Mt. Blanc Tunnel 5½ 90	60	81⅛	81½	−0½	−1⅞	8.57
Newan 5¾ 90	80	84⅛	84¾	−0⅛	0	8.30
OKB 7 93	100	94½	94¾	+0⅞	−1¼	7.71
Oslo, City of 5⅞ 90	80	87	87¼	−0⅛	−1⅛	7.92
Philips Lamps 5¾ 92	100	83¾	84	−1½	−1½	7.47
Swed. Ex. Credit 7¼ 91	75	92	92¼	−0¼	+0½	8.48
Trade Dev. Fin. 6⅜ 90	50	84¾	85	+0⅛	−5⅛	8.61
Voest-Alpine 5¾ 90	80	84	84½	+0⅛	−1½	8.31
World Bank 6 91	100	86½	87	+0¼	−0⅛	8.06
World Bank 7 90	100	*95	95¼	+0⅛	−0⅞	7.62

Average price changes... On day −0¼ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	96⅝	97⅝	0	−0½	8.69
Australia 6½ 88	20	84⅞	85⅞	0	−0¼	9.56
EIB 7¼ 89	12	93¾	94¾	0	0	8.83
Finland 6 8 88	10	85	86¼	0	−0⅛	9.83
Finland, Rep. of 8⅛ 87	15	96	97	0	0	9.18
New Zealand 8⅜ 87	15	97⅛	98⅛	0	0	8.81

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	80	†82	83	0	0	[illegible]
CIBC 13½ 85 C$	50	†90	91	0	0	17.13
CIBC 11½ 85 C$	80	†84½	85½	0	−0½	17.15
Federal Dev. 11½ 90 C$	60	†74	75	0	−0⅜	17.32
Fst. Can. Inv. 10 84 C$	50	†83	84	0	−0¼	18.28
R. Bk. Canada 10 86 C$	40	†82	84	0	+0⅛	15.35
Tordom Cpn. 13½ 86 C$	30	†91½	92½	0	−0⅛	18.81
M. Bk. Dnmk. 9 91 EUA	25	80	81⅛	−0⅛	−0⅞	12.46
SGFTE 8¾ 89 EUA	40	77	78½	−0⅛	−0⅛	13.04
U. Bk. Nwy. 9⅞ 90 EUA	16	84	85¼	−0⅛	−1⅛	12.50
Algemene Bk. 10¼ 86 Fl	60	92⅝	93¼	+0⅛	0	12.40
Amro Bank 12 86 Fl	75	98⅝	98⅞	+0⅛	−0⅛	12.29
Heineken NV 10 87 Fl	100	90	90½	0	−0⅛	12.44
Nat. Nedrindo. 10 88 Fl	60	92⅝	88⅛	+0⅛	−0⅛	11.62
Ned. Midd. Bk. 10 85 Fl	75	93	93½	+0⅛	−0⅛	12.25
Pierson 10⅛ 86 Fl	50	92	92½	+0⅛	−0⅛	12.60
Rabobank 12 86 Fl	50	98⅛	98⅝	+0⅛	+0⅛	12.43
Air France 14½ 86 FFr	200	88¼	89¼	+0⅛	−0⅛	18.07
Bk. America 14½ 85 FFr	250	88¼	89¼	+0⅛	+0⅛	18.06
Charb'nages 13⅞ 85 FFr	400	88	89	0	+0⅛	17.92
EIB 14⅛ 88 FFr	300	84⅛	85½	+0⅛	−1⅛	18.39
La Redoute 14¾ 85 FFr	125	86⅝	87⅝	0	+0⅛	18.89
OKB 14 86 FFr	400	88⅛	89⅛	+0⅛	+0⅛	17.87
Solvay et C. 14¾ 86 FFr	200	89⅛	90⅛	−0⅛	−0⅛	18.24
Swed. E. Cr. 14¾ 86 FFr	250	86⅞	87⅞	+0⅛	0	18.91
U. Mex. Sts. 14 85 FFr	150	88	89	+0⅛	+0⅛	18.89
Acona 14 89 £	20	89⅛	90⅛	−0⅛	−3⅛	17.67
Beneficial 14½ 90 £	20	79⅛	80⅛	−0⅛	−1⅛	18.03
BNP 13½ 91 £	15	81⅞	82⅞	0	−0⅛	17.44
CECA 13½ 88 £	20	83⅞	84⅞	+0⅛	−0⅛	17.54
Citicorp O/S 13½ 90 £	50	84½	85½	−0⅛	−0⅛	16.99
Fin. Ex. Cred. 13¾ 86 £	15	88⅝	89⅝	0	−1	17.47
Gen. Elec. Co. 12½ 89 £	50	82⅝	83⅝	0	−0⅛	15.86
Hiram Walker 14¾ 86 £	25	90	90⅝	−0⅛	−1	17.39
Privatbanken 14½ 88 £	12	87⅝	88⅝	+0⅛	−0⅛	17.62
J. Rothschild 14¾ 90 £	12	87⅛	88⅛	−0⅛	−1⅛	18.90
Royal Trustco 14 86 £	12	89⅛	90⅛	0	−1	17.28
Swed. Ex. Cr. 13⅜ 86 £	20	88⅝	89⅛	0	−0⅛	17.31
Akzo 9⅜ 87 LuxFr	500	85½	87⅛	0	0	12.52
Euratom 9¾ 88 LuxFr	500	86⅞	87⅞	0	−0⅛	12.30
Eurofima 10½ 87 LuxFr	500	88⅞	89⅞	−0⅛	−0⅛	13.35
EIB 9¾ 88 LuxFr	600	84¾	85⅞	0	−0⅛	13.42
Volvo 9⅞ 87 LuxFr	500	84	85	0	−0⅛	13.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅞	99⅜	18/12	18⅞	18.94
BBL Int. 5 86	0¼	99⅛	99⅞	20/11	18.31	18.38
BNP 5½ 88	†0⅛	99½	100	29/10	18.81	18.86
Christiania Bk. 5½ 91	†0¼	98⅞	99⅛	5/11	19.19	19.38
Citicorp O/S Fin. 84	†0	99⅝	100⅛	30/9	19.19	19.21
Co-operative Bk. 6 86	0¼	99⅛	99⅞	15/11	19.56	19.68
Den Norske Credit 6 90	†0¼	99	99½	5/11	19.19	19.38
Genfinance 5¼ 87	0¼	99½	100	30/10	18.94	18.96
Genfinance 5¼ 92	0⅛	99⅛	99⅜	30/12	18.31	18.40
Giro and Bank 5¼ 91	†0¼	98⅝	99⅛	23/12	17½	17.70
GZB 5¼ 92	†0¼	98⅝	99⅛	5/12	17⅛	17.45
Ind. Bank Japan 5¼ 88	0¼	99¼	99⅞	9/10	16.44	16.60
Lloyds Eurofin 8 90 £	0½	96⅞	96⅞	6/1	13⅝	14.14
Lloyds Eurofin 5¼ 92	0¼	99½	99¾	4/12	17.44	17.64
LTCB Japan 5¼ 86	0¼	99⅛	99⅝	13/12	17⅛	17.34
LTCB Japan 5½ 89	0⅛	99⅞	99⅞	15/1	18.32	18.43
Man. Hanov. O/S 5¼ 94	†0⅛	99½	100	30/11	18⅛	18.42
Merrill Lynch O/S 87	†0⅛	99⅝	100⅛	6/11	19.06	19.09
Midland Int. Fin. 5¼ 92	0¼	99	99½	5/12	17⅛	17.51
Midland Int. Fin. 5 91	0¼	98¾	99¼	30/10	18.81	18.98
Nacional Fin. 6¼ 86	0¼	98⅞	99¾	25/1	19⅛	19.44
Nacional Fin. 5½ 88	0¼	97⅛	97⅞	25/3	17.31	17.78
Nat. Bk. Canada 5¼ 88	0¼	98⅞	99⅜	24/3	17.31	17.47
Nat. West. 5¼ 94	†0¼	98⅞	99⅛	14/10	16.19	16.35
Nat. West. Fin. 5¼ 91	†0¼	98⅞	99⅛	15/1	18⅛	18.26
Nat. West. Fin. 5¼ 92	†0¼	98⅛	99⅛	23/10	16.81	16.96
Pemex 6 91	0⅛	97⅛	97⅝	8/10	15.31	15.71
Sanwa Int. Fin. 5¼ 88	0⅛	99⅛	99⅛	24/3	17¼	17.49
Societe Generale 5¼ 91	0⅛	99	99½	22/1	18⅛	18.77
Sparebanken 6 87	0⅛	98¼	98⅞	18/12	16.81	17.05
Svenska Hndlsbk. 5 87	0⅛	98⅛	98¾	15/1	18⅛	18.22

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	76⅛	78⅛	−4⅛	−8.41
Bow Valley Inv. 8 95	4/81	23.12	89⅛	90⅛	+0⅛	28.70
Canon 6⅞ 95	1/81	829	122⅛	124½	−12⅛	−8.78
Daiwa Secs. 5½ 96	12/81	530	76⅛	77⅛	−3⅛	−8.48
Fujitsu 4½ 96	10/81	8770	87⅛	88	+0⅛	4.72
Furukawa Elec. 5¼ 96	7/81	300	90⅛	92⅛	−7⅛	−10.11
Hanson O/S Fin. 9⅝ 96	8/81	2.74	[illegible]	72	+0⅛	[illegible]
Hitachi Cred. Corp. 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inchcape [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Matsushita El. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NKK [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Chemical [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Metal [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taylor Woodrow [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texaco [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Corp. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

Bos Kalis to acquire agro-assets of HVA

By Charles Batchelor in Amsterdam

BOS KALIS Westminster, the Dutch dredging and construction group, plans to acquire the agro-industrial interests of Verenigde HVA Mijen. The two companies expect to reach agreement on the sale for an undisclosed amount of both cash and shares of HVA International and HVA Holland agro industries, which carry out management, consultancy and contracting work.

Bos Kalis, a major international contractor, has been keen to increase its involvement in agricultural projects and recently set up a subsidiary to specialise in this. In May it established a joint venture with HVA to carry out two dairy and poultry processing projects worth together Fl 700m in Libya.

HVA has been seeking a financial backer for some time because the size of the contracts in which it is involved threaten to exceed its own ability to provide guarantees. The company was considerably weakened when the Ethiopian Government confiscated HVA's sugar interests in 1975 which accounted for two-thirds of its total asets.

HVA valued the assets of its agro industrial sector at Fl 22.4m ($8.7m) at the end of 1980. Bos Kalis will acquire all these assets with the exception of a number of plantations, Mr Adriaan Mak, Chairman of the managing board, said. It will also take on 50 employees working in the Netherlands and 80 employed overseas leaving only eight to be employed by HVA, which will function as a holding for its other interests.

HVA will retain a number of French and Belgian minority holdings valued at Fl 11m, some sugar chemical operations worth Fl 10.7m as well as its claim on the Ethiopian Government which it valued last year at Fl 92.2m.

HVA made a net loss of Fl 681,000 on sales of Fl 59m in 1980, compared with a profit of Fl 3.3m on sales of Fl 630m the year before. The sharp turnover drop resulted from the sale of its trading activities. Bos Kalis made a 1980 net profit of Fl 51.5m on sales of Fl 2.57bn.

General Portland agrees to increased $329m offer

BY PAUL BETTS IN NEW YORK

GENERAL PORTLAND, third largest cement group in the U.S., has approved an increased $329m bid by Canada Cement Lafarge, the Canadian company 54 per cent owned by Lafarge Coppee of France.

The revised bid involves a cash tender offer of $47 a share for all General Portland shares. Last July, General Portland rejected a $45 a share bid by Canada Cement Lafarge, worth $315m, on the grounds that it was inadequate.

At the time, General Portland also claimed the deal would raise anti-trust problems. But Mr James Lendrum, chairman of the U.S. company, now says that price had been the main reason for the rejection.

In view of current economic conditions, the increased price of the offer was now in the best interest of General Portland shareholders, he said. Before *the latest offer*, General Portland shares traded at $28 apiece. Afterwards they reached $45. Before the rejection of the earlier offer in July, the shares had reached a peak of $43.

The tender offer will begin by the end of this week and will be followed by a merger as soon as practical. Shares not tendered will be converted for cash at $47 each.

The U.S. company has also granted the Canadian concern an option to buy just over 1m *authorised but unissued shares* at the tender price.

The merger, if consummated, will create the largest North American cement producer, *overtaking Lone Star Industries*, the biggest at present.

Dallas-based General Portland, with income of $25.3m on sales of $312.5m last year, is mainly concentrated in the so-called Sunbelt region of the U.S. Canada Cement Lafarge, with operations in the U.S. and Canada, made a profit of C$20.9m (US$17.4m) last year on sales of C$711.1m.

Vallourec returns to the black

BY OUR FINANCIAL STAFF

VALLEUREC, the French steel pipes group which fell heavily into the red last year, has bounced back to profit for the first half of 1981. Helped by high demand from the oil exploration industry, the group has made net profits of FFr 29.2m ($5.3m) for the half-year, against losses of FFr 6m a year ago.

Sales were 16 per cent higher at FFr 3bn, but it is clear that the main boost to the interim performance has come from improved margins.

When reporting a heavy loss for 1980, the company said that its trading picture was not all gloom, pointing to the way demand from the oil and gas industries had strengthened, notably in the final months of last year.

Important sales to oil and gas exploration companies have been largely responsible for the recovery in profit margins

For the whole of 1980, losses totalled FFr 63.4m, compared with net profits of FFr 1.6m in 1979 and FFr 21.1m in 1978. Last year's performance resulted mostly from problem trading in small welded tubing, where the market was depressed *by low-priced foreign imports*.

For shareholders, which included the steel holding company, Denain Nord-Est Longwy, with a 23.4 per cent stake, last year's losses meant that, once again, there was no dividend. In 1979 it did not make a cash payment, distributing shares instead in its contracting subsidiary, Entrepose.

Late last year, Vallourec set up an oil and gas equipment company pointly with Hughes Tools of the U.S. The new venture is based in France and was formed with initial funds of FFr 50m.

Fortia sees 20% annual sales growth

BY WESTERLY CHRISTNER IN STOCKHOLM

FORTIA, the Swedish pharmaceuticals company which has attracted foreign investors' interest because of its developments in biotechnology, forecasts an average sales growth *of between 15 per cent and 20* per cent during 1982-84, according to a prospectus just released giving details of new share issues in the U.S. and Sweden.

In the *coming three-year* period the lion's share of sales expansion will take place in West Europe, North America and Japan. Further growth in the company's marketing organisation internationally could be complemented with corporate takeovers and various forms of joint ventures, the company says.

Pre-tax earnings during the period are reckoned to outpace sales, implying an improvement in profit margin. Over the long-run the goal is to successively raise profits on total capital to 20 per cent. The aim is to increase dividends in line wtih *the planned profits growth.* Over the past decade average yearly dividend growth has been 22 per cent.

Investments in plant and equipment in the three years are estimated to cost between SKr 450m-550m ($83.3m-$101.8m), primarily in Sweden, where the chief portion of production and research and development activities take place.

Total capital requirement in the period is predicted at SKr 650m-750m, three-fourths of which can be arranged through self-financing.

After the new issues in Sweden, group solvency (measured as share capital plus 50 per cent of the untaxed reserves in relation to total assets) is forecast to rise this year to 43 per cent from 33 per cent in 1980.

Georg Fischer heads for setback

By John Wicks in Zurich

GEORG FISCHER, the Swiss engineering group, is experiencing profits weakness this year, partly as a result of consolidating certain foreign subsidiaries for the first time.

After seven months sales are 9 per cent ahead at SwFr 1.01bn ($512m), but earnings have shown a decline. In 1980, group net profits partially recovered, improving to SwFr 16m on sales of SwFr 1.72bn.

The first time consolidations include the British subsidiary Georg Fischer (Lincoln) and *the Portuguese group, Eurofer.* The poor results to date also arise from an unfavourable showing by long-standing UK subsidiaries

● Swiss publishers Eduard and Christian Greif have become sole proprietors of the German newspaper Hamburger Morgenpost following the purchase of a 40 per cent shareholding from the Social Democratic Party. The Basle-based company Greif AG Verlag acquired a 60 per cent stake in the newspaper when it was threatened *with closure in February last year.*

The Morgenpost has a circulation of 185,000 compared with around 500,000 some years ago. It is the only major newspaper in Hamburg not controlled by the Axel Springer group.

Swiss venture capital rights

By Our Zurich Correspondent

TRANS K-B, the Swiss venture capital group, is to raise SwFr 20m ($10.1m) by a rights issue. Share capital is to be increased to SwFr 30m by the issue of SwFr 10m worth of new stock at 200 per cent of par value.

The company, which is listed on the Zurich Bourse, was set up at the end of 1979 and has *since then specialised in participations* in U.S. high-technology undertakings. Among other activities, it owns the Swiss computer systems company, Prime.

In the year ended June 30, Trans K-B's investments rose from SwFr 16.7m to SwFr 25.5m ($12.9m). Net profits were SwFr 1.6m, and the board is to pay a first dividend of 2.5 per cent.

Norway group for pipe tender

By Fay Gjester in Oslo

TWO LEADING Norwegian industrial concerns have *formed a new company*, Norcoating, which will tender for the job of coating pipe sections for Norway's new 840 km submarine gas gathering line.

The partners in Norcoating—each with a 50 per cent stake—are Aker, the ship and platform building group, and Noreem, a building materials concern with interests in offshore activities.

First-half performance at Alitalia hit by strikes

BY JAMES BUXTON IN ROME

ALITALIA, THE Italian state airline, has painted a gloomy picture of its performance in the first half of 1981. Its operations were affected not just by the general recession but by strikes by pilots—who alone forced the airline to shut down for 16 days—and other personnel, as well as by government delays in authorising new internal tariffs.

The airline says its sales cost rose 37.2 per cent, spending on staff increased by 26.7 per cent and the cost of fuel was up 21.8 per cent compared with the first six months of 1980. But the number of tonne/kilometres operated fell by 8.8 per cent.

Income from traffic was up 15.3 per cent at L670bn ($570m). Last year sales rose 42 per cent. In 1980 Alitalia sustained a loss of L12.5bn, slightly down from the 1979 loss of L14.5bn.

The airline is to increase its capital from L120bn to L141bn. Earlier this year it said it wanted to increase its capital to L340bn over the three years and had envisaged raising it by L60bn this year.

Profits plunge at Swedish can maker

By Our Stockholm Correspondent

PLM, the Swedish metal can, packaging and waste recovery group, reports a substantial fall in earnings in the first eight months of 1981—to SKr 13.8m ($2.15m) from SKr 58.9m in the comparable period last year. However, from the first four-*month period to the second* profits rebounded from a modest SKr 900,000.

Consolidated sales in the eight months totalled SKr 1.5bn, a rise of about 5 per cent. Of the total SKr 755m of sales came in the first four months.

The eight-month profit decline was attributed both to the start-up of PLM's aluminium can plant at Malmö, which is estimated to have cost SKr 35m, as well as a large fall in earnings for PLM PAC, the domestic can and packaging unit. PAC earnings *dropped to SKr 15m in the* period from SKr 50m.

Costs for running-in the new factory will continue through the third four-month period, writes Mr Ulf Laurin, the managing director. The plant is expected to be operating at full capacity by 1982.

For the year as a whole Mr Laurin forecasts pre-tax earnings of around SKr 30m-40m compared with last year's SKr 96m. No forecast for 1981 sales was given. Last year consolidated sales reached SKr 2.27bn.

Disposal by Banco Urquijo

By Jane Monahan in Madrid

AS PART of a policy of restructuring its investment portfolio, Banco Urquijo, Spain's leading merchant and investment bank, has agreed to sell its indirect participation in a pharmaceuticals company for Pta 900m ($10m).

The company, Quimica Farmaceutica Bayer, which before the purchase was owned jointly by Bayer of West Germany and Productos Quimicos Sinteticos, will now become a 100 per cent affiliate of the West German group.

Banco Urquijo's involvement in the transaction arises from its 45 per cent stake in Productos Sinteticos. Other less important shareholders in this financial company were Banco Hispano Americano, which has a cross-share relationship with Banco Urquijo, and Explosivos Rio Tinto, Spain's biggest private chemicals group.

The sale of the pharmaceuticals company comes shortly after Banco Urquijo's decision to pull out from Galerias Preciados, one of Spain's biggest store groups.

Japanese bond offers have poor reception

By Richard C. Hanson in Tokyo

SEPTEMBER'S public offering of long-term government bonds has met with a poor response from individual investors, leaving a large amount of unsold bonds with the securities houses. The buyer response casts further doubt on whether the Ministry of Finance can restrain long-term interest rates from rising.

Underwriters estimate that about 40 per cent of the September bonds made available over the counter to investors went unsold. The government had hoped to sell 10 per cent of the Y700bn (U.S.$ 3bn) floated last month to the public at large. The balance was absorbed by the underwriting banks, securities houses and other financial institutions.

The yield on new government bonds, even after a compromise 0.4 per cent boost in the coupon, last month remains well below the secondary market level. Unless the market improves, the government will be under strong pressure to improve its terms further

The new bonds yield 8.367 per cent compared with around 8.7 per cent available in the secondary market.

The Government had been unable to issue public bonds, because of poor market conditions, since June. Bond prices have been under pressure from high interest rates in the U.S. But the main factor disrupting the market is the size of the government's borrowing requirement

Malaysia eyes yet more control of its plantations

BY WONG SULONG IN KUALA LUMPUR

WITHIN A single month, close to 300,000 acres of prime agricultural land controlled by British groups has passed into Malaysian hands, with the taking over of control of Guthrie Corporation, Barlow Estates and Dunlop Estates.

Leading the Malay acquisition trail is Permodalan Nasional, the Government's investment agency, with backing from other federal and state government agencies and Malay co-operatives.

The acquisitions have opened a new, delicate phase in relations between Malaysia's politically dominant Malays and its economically powerful Chinese minority, raising the possibilities of the souring of racial relations and the jeopardising of the Government's New Economic Policy, which provides, in the first place, the prompting for such takeovers.

Vulnerable

The fact that many foreign plantations and trading groups are vulnerable to takeovers has led to a scramble by Malays and Chinese groups. This has created envy, suspicion and tension.

On the Chinese side is Multi-Purpose Holdings (MPH), the investment arm of the Malaysian Chinese Association, the Chinese partner in the Malaysian Government.

Under the new economic policy, the Government wants to see a 30:40:30 mix in the Malaysian corporate sector by 1990, on the basis of 30 per cent for the Malays, 40 per cent for non-Malays and 30 per cent for foreigners.

The Malays feel that, by and large, the Chinese have met their corporate quota, and argue that any reduction of the foreign stake (now 47 per cent) should be allocated to Malays.

The Chinese, however, feel they are under-represented in the plantations and maintain they have to join the corporate chase to maintain their 40 per cent in the context of an expanding economy.

The Chinese have virtual monopoly over the booming building industry, but are short of land. Buying plantations and converting them into housing opens up enormous opportunities.

Early in September, Permodalan took control of the Guthrie Corporation of the UK, in a so-called down raid on the London market. One of the reasons it gave for the move was that it felt concern at the Guthrie board's not consulting it on some major decisions — one being the sale of Guthrie Berhad, the South East Asia trading arm of Guthrie, to MPH.

Permodalan moved again two weeks later to take a 40 per cent stake in Barlow Estates, with Perlis Plantations taking another 30 per cent.

MPH followed quickly, with Tuesday's announcement that it had reached agreement to buy 51 per cent of Dunlop Estates Berhad from Dunlop Holdings of the UK for 252m ringgit (US$108m) in cash.

Guthrie has 190,000 acres in Malaysia, Barlow Estates has 37,500 acres and Dunlop Estates has 58,000 acres.

The only British company still with substantial plantation acreage left is Harrisons and Crosfield, with 185,000 acres, while Danish United Plantations and the French group, Socfin, own another 100,000 acres between them.

All three are vulnerable to Malaysian ambitions. Permadalan is eyeing Harrisons, while MPH is believed to have made contact with shareholders of United Plantations and Socfin.

Uproar

Early this year when it was revealed that MPH was about to acquire 51 per cent of United Malayan Banking Corporation, Malaysia's third largest bank, the Malays within the ruling UMNO party created an uproar. A deal was finally struck whereby both MPH and Pernas, a government agency, are to have equal, 40 per cent, stakes

The UMBC episode reveals the racial and political sensitivities involved in Malaysia's corporate restructuring exercise.

A great deal of the suspicion and tension between the Malay and Chinese groups derives from differing interpretations of the New Economic Policy, and the fear by the respective races that they might be left behind

An understanding will have to be reached soon between the Malaysian political leadership, outlining the ground rules to be played on the corporate chessboard.

Hanimex boosts sales at Burns Philp

By Graeme Johnson in Sydney

BURNS, PHILP joined the ranks of Australian companies with revenue of more than A$1bn, but the cost of diversification pegged profit growth back to 15.1 per cent in the fiscal year ended June.

Turnover rose an impressive 41 per cent from A$711m to just over A$1bn (U.S.$1.1bn) as the contribution from its Hanimex subsidiary climbed sharply. Net profit, which rose from A$17.6m to a record A$20.3m, reflected substantial losses from its New Guinea plantations due to commodity price fluctuations.

Burns, Philp has been steadily shifting the emphasis away from island trading and plantations to trading operations in Australia and the U.S. which the directors believe will ultimately show up in greatly increased earnings.

Profit was also restrained by a hefty interest bill, which soared from A$21.9m to A$28.9m largely the result of its purchases of a 66 per cent holding in Hanimex for more than A$20m, S. Hoffnung for A$35m and a stake in Avis Rent-A-Car.

But the company's solid growth has prompted directors to lift the annual dividend total from 20 cents to 21 cents a share, with an unchanged final payment of 11 cents.

The directors said that profit gain reflected an excellent year for Australian operations which increased profit by 350 per cent and account for 75 per cent of profits. Pacific area activities were disappointing, with a downturn of 69 per cent.

Sharp rise in Howard Smith first-half profit

By Our Sydney Correspondent

HOWARD SMITH lifted profit 21.4 per cent in the half-year ended June, from A$7.8m to A$9.48m (U.S.$10.8m). The coal, sugar and shipping group hoisted earnings, due mainly to higher dividend income and better returns from coal sales.

The interim dividend has been pegged at 5 cents a share on capital increased by a one-for-four rights issue in June 1980 and a one-for-four free scrip issue in May.

The company warned, however, that a series of factors, including a A$1 a tonne coal levy, and industrial unrest could upset earnings growth in the current six months. The first-half was in line with a 21.4 per cent lift in turnover from A$96.99m to A$117.7m.

The profit was struck after tax of A$4.4m (against A$2.86m previously), minority interests of A$1.2m (A$790,000), interest of A$1.69m (A$846,000) and depreciation of A$4.49m (A$4.18m).

The half-year result was in line with estimates of profit growth in the opening quarter of 1981 by Mr W. Howard Smith, group chairman. Higher prices from April 1 were responsible for an improvement in earnings from the company's coal interests, he said.

A programme is under way to make South Africa independent of pulp and paper imports and develop exports. **Jim Jones** reports

Sappi and Mondi plant for future

SOUTH AFRICA'S pulp and paper industry, which is the world's largest based on plantations of trees not indigenous to the country, has embarked on an expansion programme which promises to leave the country independent of imports and to expand export capacity substantially.

Sappi, the country's largest producer, is to spend R800m ($886m) on a pulp and paper mill at Ngodwana in the eastern Transvaal and to increase its paper manufacturing capacity from the current 600,000 tonnes to 850,000 tonnes in 1985.

Mondi, the 63 per cent-owned subsidiary of Anglo American Industrial Corporation, has a R520m project to build a pulp mill with an annual capacity of 350,000 tonnes of hard and softwood pulp at a greenfields site at the Natal coast port of Richards Bay. Completion is scheduled for 1984, and the mill will deliver pulp to Mondi's 550,000-tonne newsprint and paper plant at Meerebank, Durban.

By North American and Scandinavian standards, South Africa's pulp and paper industry is small and young. Its first paper mill, which could produce only 1,000 tonnes a year of wrapping and industrial papers, was built by Premier Paper near Johannesburg in 1920. It relied on scrap paper for its feedstock for one good reason—the country had, and still has, insufficient natural forests to supply wood.

By 1938, Sappi built a 14,000 tonne plant at Springs, Transvaal, which used wood as a basic feedstock but relied largely on straw.

In the years preceding World War Two, private enterprise was not interested in the establishment of plantations, although imported varieties of tree such as pine and *eucalyptus* thrive in South Africa's rain belt zones. For example, a pine which will take more than 50 year to reach maturity in Canada or Sweden can be felled after 15 years in the Transvaal. The state was stepping in mainly to provide employment for poor white families.

The area it had under afforestation increased from just over 39,000 hectares in 1923 to 137,400 hectares in 1938.

With the war and soaring *timber prices, privately owned* plantations expanded rapidly, and the rate of planting accelerated after the war to provide wood for paper and for mine support-timber and also for sawn products and tanning extracts from wattle bark.

By 1978, the country, with the Transkei included, had 1.14m hectares under afforestation—almost 1 per cent of the country's total area. Of that, about 30 per cent was planted *for production of hard and softwood pulp, about two-thirds of* which was for the paper industry.

In 1979, the last year for which figures are available, the pulp and paper industry used about 2m tonnes of timber while some mills in Natal operated with bagasse, the feedstock derived from sugar cane.

There are limits to the forest area. Most of South Africa is arid or semi-arid and timber growing has to be confined to the Cape coastal belt and the *summer rainfall areas of* Natal and the eastern Transvaal. But, depending on the usual economic factors and expectations, some 20,000 hectares are added to forest plantations each year. That rate of expansion is thought may continue it beyond the turn of the century.

Availability of timber, there*fore, is not necessarily a major* problem for the paper industry. Mondi, for example, can rely on some 200,000 hectares of plantations owned by itself and associated companies in the Anglo American group. Sappi, another integrated forest products business, has more than 110,000 hectares of forest land is planting 8m saplings a year, on 5,000 hectares. Both can draw, in addition, from state-owned forests and private commercial foresters.

The main problem which had to be faced some years ago was availability of water and the problems of pollution.

Conventional chlorine bleaching processes are *water-extravagant* and lead to undesirably high effluent run-off, in South African terms. Ten years ago, Sappi developed oxygen bleach*ing, a slightly more expensive* method than chlorine, but one which drastically cuts water consumption and pollution. So effective is the process that Sappi's Ngodwana mill puts no effluent into the small river on which it is located, while waste from the paper production process is used to irrigate pasture land.

Perhaps more important, however, are economic factors. In 1979, total domestic paper consumption was 1.1m tonnes, or on a per-capita basis just less than 40 kg. Consumption is estimated by the industry to have an average growth potential some two percentage points greater than the gross national product growth rate, or between 7 per cent and 8 per cent a year.

In addition, paper consumption is unevenly spread, with the white population's per-capita consumption only slightly less than that in Western Europe. Some time in the next 20 years or so, the industry believes, there will be a sweeping increase in per-capita consumption by the country's predominantly black population. But for the present, the additional paper capacity being installed by Sappi and Mondi cannot be absorbed fully by the local market.

About one-half of the Richards Bay pulp mill's production is earmarked for export—a major factor in Mondi's decision to locate at an export harbour and anything up to *200-300* kilometres from some of its timber sources. Furthermore, Mondi's Merebank paper mill will have reached its full site capacity when a fifth paper machine is completed towards the end of this year. Future paper-making capacity will form part of the Richards Bay complex.

Sappi is locating its new pulp and paper mill nearer to its timber sources and will draw timber from a radius of about 90 kilometres. But it, too, will depend *initially on exports*

Mondi sees the Richards Bay pulp mill as bringing in a net annual foreign exchange gain of R170m a year—half from exports and half from replacement of currently imported pulp. In its initial phase, Richards Bay will use 1.5m tonnes of pine ,eucalyptus and *wattle a year. But sometime* during the next 20 years it is intended to double capacity. With that in mind the company intends to encourage private growers to develop forest lands in the hinterland, particularly in Kwazulu.

Both expansion projects are large in relation to the size of *operations of the two* companies. In round figures, Mondi, which was formed as a company in 1967, estimates that the replacement cost of its Merbank site is about R400m in 1980 terms. At the end of last year the capital employed by Sappi was just over R375m—with, of course, the assets in the books at historic cost.

Both companies seem set to carry heavy borrowing needs for the rest of the century. Of the R520m initial expenditure planned by Mondi, about R150m will come from new equity. Sappi reckons that R400m of its R800m needs will come from trade credits leasing and long-term loan funds from South African banks and a further R100m from export credits.

Dow off 3.3 at mid-session

IN FURTHER moderate early dealings yesterday, Wall Street drifted modestly easier in what analysts described as a settling-in process.

"The market is basically trying to find its footing" following the sharp rally achieved earlier in the week, Monte Gordon, of Oppenheimer and Co., said.

The Dow Jones Industrial Average slipped 3.33 to 846.65 at 1 pm, while the NYSE All Common Index shed 9 cents to $66.91 and declines led advances by a seven-to-five ratio. Turnover came to 30.19m shares, against the previous day's 1 pm figure of 28.84m.

The Dow Average had moved from a 16-month low of 807 on Monday morning to a high of 853 at one point on Wednesday.

Investors remain nervous about the economic outlook, while a further negative has entered the market in the form of lower corporate earnings estimates by Wall Street analysts.

Most stocks showed only fractional price changes other than those in special situations.

Grumman, one of the most actively traded issues, gained 1⅝ to $35½. It is fighting off a take-over bid by LTV.

Colt lost 1¾ to $75¼. Penn Central holders plan to investigate the company's proposed take-over of Colt.

Southern was the most active issue, off ⅛ at $11⅛. A block of 338,400 shares were traded at that price. Newmont Mining, a rumoured take-over candidate, jumped 4¼ to $56⅞.

THE AMERICAN SE Market Value Index picked up 2.24 to 295.10 at 1 pm. Volume 2.72m shares.

Canada

Markets were mixed at mid-day after fairly active trading. The Toronto Composite Index was off 0.7 at 1,882.7, while Oil and Gas lost 32.3 to 3,548.4 but Golds gained 31.3 at 3,454.9.

Tokyo

The market's strong two-day rally was followed by a sharp retreat by Blue Chips and other quality stocks yesterday, as foreign investor participation dwindled and local investors switched their money to low-priced speculative issues.

Concern over the high outstanding level of margin trading and the undecided trend on Wall Street overnight was undermining sentiment in the previously popular quality issues.

The Nikkei-Dow Jones Average receded 89.59 to 7,365.91 and the Tokyo SE index 6.69 to 543.58, while declines outpaced gains on the First Market by 347 to 280. There was a large turnover of 650m shares, against Wednesday's 450m.

Large-capital issues, Motors, Precision Instruments, high-priced Light Electricals recorded substantial falls, but Foods, Non-ferrous Metals, Oils and some Chemicals gained ground.

Hitachi lost Y32 to Y670, Toshiba Y26 to Y356, Sumitomo Metal Y8 to Y248, Nippon Steel Y4 to Y199, Sony Y180 to Y3,700, Matsushita Electrical Y70 to Y1,180, Mitsui Shipbuilding Y10 to Y230, Fuji Photo Y70 to Y1,220, Nippon Electrical Y27 to Y638, Toyota Motor Y70 to Y1,000 and Honda Motor Y47 to Y753.

High-technology issues, such as Industrial Robots, Optical Fibres and Machine Tools, were under heavy selling pressure, with Yaskawa Electrical falling Y41 to Y639, Sumitomo Electrical Y28 to Y510 and Toshiba Machinery Y22 to Y581.

Constructions, which climbed strongly on Wednesday on hopes that the International Olympic Committee (IOC) would choose Nagoya as the site of the 1988 games, declined sharply on news that the IOC had selected Seoul instead.

Nippon Oil rose Y110 to Y1,170 and Teikoku Oil Y37 to Y920.

Paris

Bourse prices declined over a wide front in moderate trading, as the market reacted negatively to the French Government's proposed 1982 Budget and the removal of secrecy from gold transactions.

Traders said the decree affecting gold transactions was considered by many operators to be a low blow since the Mitterrand Administration had pledged earlier to maintain the anonymous status of these operations.

Despite the general slide, market indicators showed little change due to the resumption of trading in the stock of companies affected by the Government's nationalisation programme. Some of these stocks, which were not traded on Wednesday due to order imbalances, were quoted at large premiums over their levels of September 8, when they were last traded. Examples were Rhone-Poulenc, which chalked up a gain of 38 per cent, and Thomson-Brandt, which changed hands at a level 20 per cent above that of three weeks ago.

Germany

Leading shares ended mixed after an easier start, with selective stock lifted later by institutional buyers entering the market in search of bargains.

Preussag, the Metals, Mining and Chemicals concern, advanced DM 5.50 to DM 181, while in Motors, Daimler rose DM 5.30 to DM 329.80.

Hoechst, in Chemicals, which said it expects pay an unchanged dividend this year despite lower profits, put on DM 1.50 to DM 120.50.

Australia

The upward trend of the previous two days was replaced by a softening tendency yesterday. Institutions remained on the sidelines, while small investors refrained from fresh bargain hunting and sold Heavyweight Miners. However, Oils were no worse than mixed.

Gold and base commodity prices trended easier in London and the UK share market was also easier, while in addition, there was bad news from some key Mining issues.

North Broken Hill reported a sharp down-turn in profit for the year to June, while Bougainville found itself involved in a dispute between the Papua New Guinea Government and the regional administration of the island and operations have been brought to a standstill. North BH shed 5 cents to A$2.65. Bougainville fell 15 cents to A$1.30, while CRA, which holds about 54 per cent of Bougainville, lost 18 cents to A$3.34.

Overall market leader BHP declined 25 cents to A$10.80.

Among Oil and Gas stocks, however, Cooper Basin issues had Vamgas up 20 cents at A$10.00 and Santos 5 cents higher at A$4.50, while Crusader Oil rose 20 cents to A$5.00.

Hong Kong

Following Wednesday's rally, stocks generally turned easier again yesterday in moderate trading on renewed nervous local selling. The Hang Seng Index, which retrieved about 62 points the previous day, receded 20.97 to 1,259.16. Turnover on the four exchanges amounted to HK$336.29m.

Dealers said sentiment was mixed as to the outlook, following the recent heavy declines, but pointed to a continuing lack of confidence.

Swire Pacific, which announced sharply higher results earlier this week and stood out with an advance of HK$2.50 on Wednesday, improved 20 cents more to HK$11.10 against the trend yesterday.

HK Land, however, shed 10 cents to HK$8.35 despite reporting after Wednesday's market close doubled half-year profits.

Jardine Matheson lost 50 cents at HK$14.70, as did Hutchison Whampoa, at HK$14.40, while Cheung Kong declined 30 cents to HK$21.20 and Swire Properties 15 cents to HK$7.35.

Johannesburg

Gold shares edged ahead in quiet trading, helped by the firmer Bullion price.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Sept. 30	Sept. 29	Sept. 28	Sept. 25	Sept. 24	Sept. 23	1981 High	1981 Low	Since Cm'pil't. High	Since Cm'pil't. Low
♦Indu str'ls	849.96	847.53	842.56	824.01	835.14	840.94	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	55.68	55.71	56.47	57.04	57.59	57.69	65.78 (15/1)	55.68 (30/9)	—	—
Transport.	350.05	351.02	344.71	335.48	345.72	346.04	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.25 (8/7/32)
Utilities	102.21	101.92	101.28	102.21	104.01	104.01	117.81 (6/1)	101.28 (28/9)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	48,700	49,600	61,320	55,080	48,680	52,700	—	—	—	—

♦Day's high 854.36 low 839.61.

Ind. div. yield %	Sept. 25	Sept. 18	Sept. 11	Year ago (approx)
	6.68	6.58	6.35	6.73

STANDARD AND POORS

	Sept. 30	Sept. 29	Sept. 28	Sept. 25	Sept. 24	Sept. 23	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	130.04	129.76	128.55	125.95	128.49	128.38	157.02 (6/1)	128.48 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	116.18	115.94	115.53	112.77	115.01	115.65	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Sept. 23	Sept. 16	Sept. 9	Year ago (approx)
Ind. div. yield %	5.52	5.36	5.36	4.50
Ind. P/E Ratio	7.90	8.15	8.13	9.03
Long Gov. Bond yield	14.30	14.13	14.53	11.62

NY. S.E. ALL COMMON

Sept. 30	Sept. 29	Sept. 28	Sept. 25	1981 High	1981 Low
67.00	66.85	66.43	64.96	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Sept. 30	Sept. 29	Sept. 28
Issues Traded	1,872	1,874	1,900
Rises	773	1,188	910
Falls	723	372	666
Unchanged	376	314	324
New Highs	2	3	2
New Lows	61	67	602

MONTREAL

	Sept. 30	Sept. 29	Sept. 28	Sept. 25	1981 High	1981 Low
Industrials	318.08	318.65	313.60	310.21	498.56 (27/6)	310.21 (25/9)
Combined	300.74	302.01	296.66	283.87	375.28 (13/8)	285.97 (25/9)
TORONTO Composite	1883.4	1884.8	1865.4	1812.48	2578.8 (10/4)	1812.48 (25/9)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Am. Tel. & Tel.	818,300	57⅞	+ ⅜
Storage Tech	792,000	32⅞	−1¼
IBM	528,500	54⅞	+1
Genstar	523,400	19½	−1½
Sony	487,700	16⅞	− ⅛
Castle and Cke	400,100	9⅞	− ⅛
Cent. & S. W.	394,800	12⅞	− ⅛
Exxon	370,700	31	− ⅛
Warner Comm.	369,000	47⅝	+1½
Grumman	362,500	33½	− ⅛

	Oct. 1	Sept. 30	Sept. 29	Sept. 28	1981 High	1981 Low
AUSTRALIA All Ord. (1/1/80)	570.8	573.3	567.7	563.5	737.3 (6/4)	563.5 (28/9)
Metal & Minrls (1/1/80)	466.1	477.5	469.9	465.0	785.2 (7/1)	465.0 (28/9)
AUSTRIA Credit Aktien (2/1/62)	54.47	54.46	54.59	54.85	58.43 (5/1)	54.0 (21/8)
BELGIUM Belgian SE (31/12/63)	71.52	71.95	72.45	75.22	86.16 (17/2)	69.56 (18/6)
DENMARK Copenhagen SE (1/1/73)	111.46	111.43	111.56	112.27	119.00 (25/8)	95.88 (2/1)
FRANCE CAC General (29/12/61)	92.0	92.1	91.4	89.9	112.5 (17/5)	77.3 (15/9)
Ind Tendance (31/12/80)	99.0	99.1	99.0	97.2	108.5 (10/3)	78.2 (12/6)
GERMANY FAZ-Aktien (31/12/58)	220.55	221.48	222.91	218.59	246.47 (5/7)	215.88 (3/2)
Commerzbank (Dec 1953)	675.5	677.8	681.3	663.1	748.9 (3/7)	665.4 (16/9)
HOLLAND ANP-CBS General (1970)	82.8	81.4	82.2	79.5	96.8 (20/8)	79.5 (28/9)
ANP-CBS Indust (1970)	64.6	64.0	64.8	62.0	76.4 (22/5)	62.0 (28/9)
HONG KONG Hang Seng Bank (31/7/64)	1259.16	1280.13	1218.20	1245.26	1810.20 (17/7)	1218.20 (28/9)
ITALY Banca Comm Ital (1972)	198.29	197.78	195.08	198.93	292.85 (3/6)	186.44 (24/7)
JAPAN Dow Average (16/5/49)	7365.91	7455.50	7567.68	7037.12	8019.14 (17/8)	6956.52 (13/3)
Tokyo New SE (4/1/68)	543.58	550.27	546.37	528.27	603.92 (17/8)	495.79 (5/1)
NORWAY Oslow SE (1/1/72)	129.54	124.94	122.74	119.85	146.72 (6/8)	110.54 (5/6)
SINGAPORE Straits Times (1966)	642.33	649.08	642.39	650.81	875.26 (26/6)	616.26 (1/9)
SOUTH AFRICA Gold (1958)	(u)	(u)	676.7	646.6	797.6 (7/1)	473.9 (3/7)
Industrial (1958)	(u)	(u)	676.4	684.9	691.9 (25/9)	567.2 (3/2)
SPAIN Madrid SE (30/12/80)	156.56	157.28	156.46	(c)	146.15 (8/9)	100.46 (2/1)
SWEDEN Jacobson & P. (1/1/58)	530.18	535.74	529.72	524.13	560.51 (10/9)	404.17 (20/1)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	249.6	252.4	255.5	249.1	384.2 (2/4)	249.1 (28/9)
WORLD Capital Intl. (1/1/70)	—	156.5	158.6	163.8	162.8 (6/1)	133.8 (26/8)

Base values of all indices are 100 except Australia All Ordinary and Metals—500: NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

USSR may import 18m tonnes of U.S. grain

BY DAVID SATTER IN MOSCOW

THE SOVIET Union is expected to import an additional 10m tonnes of U.S. grain over and above the 8m tonnes which was previously allowable, Mr Seeley Lodwick, a U.S. under-secretary for agriculture said yesterday.

Mr Lodwick, who headed a seven-man U.S. delegation in two days of talks with Soviet officials, said that the U.S. had formally offered to allow the Soviets to buy 15m tonnes of grain above the 8m tonne limit.

However, it was his "best judgment" that the Soviet purchases would come to only 10m extra tonnes.

This would still be enough to boost Soviet imports of U.S. grain in 1981-82 to 18m tonnes, their highest level in any agricultural year.

Mr Lodwick declined to comment on whether the U.S. had agreed to guarantee the grain deliveries against any future embargoes, but it was considered that no such U.S. guarantees were given.

The Soviets are believed to be facing their third poor harvest in as many years and have already purchased 7.63m tonnes of the 8m tonnes of U.S. grain that was available to them for 1981-82. They are expected this year to import 45m tonnes of grain — an all time record.

Mr Lodwick said that there had been no agreement on the proportion of Soviet purchases of wheat and maize but he said he believed the Soviets were likely to import "significant amounts" of each.

The two sides have agreed to meet in Washington in the spring to discuss further prospects for trade in grain.

Mr Lodwick said that the members of the Soviet delegation to the grain talks, which was headed by Mr Boris Gordeev, a deputy minister of trade, acknowledged that in terms of grain, 1981 "was far from a record year."

U.S. Department of Agriculture officials have predicted a Soviet grain harvest of 170m tonnes of grain, 70m tonnes short of the annual target figure.

Our Commodities Editor writes: The International Wheat Council yesterday cut its estimate of world wheat production this year from 465m to 454m tonnes, still 9m above output in 1980.

In its latest market report, the Wheat Council said the largest part of the reduction was attributable to a decrease of 8m to 90m tonnes in the forecast Soviet crop.

The report puts the total Soviet grain crop at between 170-175m tonnes, which would be the worst harvest there since 1975.

Meanwhile, the Australian Wheat Board announced yesterday that it had sold a further 1m tonnes of wheat to the Soviet Union for delivery between January and April 1982. Mr Leslie Price, Wheat Board chairman, said the amount sold was limited because the full export availability for next year is not yet known. He expected another significant sale would be made once the size of the 1981-82 crop is determined.

EEC stockpile sugar plan backed

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission confirmed yesterday that its plans to stockpile close to 2m tonnes of surplus EEC sugar had been endorsed by member governments.

The stockpile for which the Commission will be responsible will comprise 1.2m tonnes of sugar carried over from last season and 600,000 tonnes of "A" and "B" quota sugar from the current record harvest. This sugar is normally exported with EEC subsidies which are subsequently clawed back through a levy on producers.

In addition, sugar producers have undertaken to stockpile around 1.3m tonnes of "C" quota which does not carry current subsidies and for which they are financially responsible. This will be carried over into next year and will count as "A" and "B" quota.

According to the Commission this should mean that less "A" and "B" sugar will be planted for next season since the total for these quotas will be the standing limit of 11.7m tonnes minus the "C" sugar carried over.

Without these moves it appeared almost certain that the EEC would have an exportable surplus of between 5m and 6m tonnes over the next few months. The Commission claims that news of its moves to curb possible exports have already helped raise the world sugar price so that the EEC sugar management committee meeting on Wednesday was able to reduce the export restitution to 23.6 European currency units per 100 kilos.

Although the committee on Wednesday accepted export tenders for 59,000 tonnes compared with the previous week's 49,000 tonnes, the Commission claims that the increase has no significance. It said this week's tender was in line with the reduced quantities available for export as a result of the larger stockpile.

World output to rise

BY OUR COMMODITIES EDITOR

WORLD sugar production of 95.122m tonnes was forecast by German statistician, F. O. Licht, in his first estimate for the 1981/82 season issued yesterday. This compares with output of 86.47m tonnes in 1980/81.

Licht said the problems plagueing producers during the past two years had been overcome and a two-year drop in output ended. He noted that lower average prices have improved demand and stocks are likely to be replenished. West European production is put nearly 3m tonnes higher mainly as a result of EEC output rising from 13m to 15.12m. A rise in Soviet output of 1.1m to 8m tonnes also boosts Eastern Europe total production to 12.78m tonnes. Cuban crop is put at 7.3m against 6.5m previously and Indian output at 6.8m compared with the 1980/81 out-turn to 5.65m.

Asarco price cuts hit metals

By John Edwards, Commodities Editor

BASE METAL prices came back sharply yesterday on the London Metal Exchange yesterday, when confidence was hit by further cuts by Asarco in its domestic U.S. selling prices for lead and zinc.

Asarco's decision to cut its U.S. zinc price by as much as 4.25 cents to 45.50 cents particularly shocked the market, since it throws doubts on whether the recently established European producer price of $1,000 a tonne can be sustained. As a result cash zinc tumbled by £17 to £478 a tonne.

Lead values were also hit by Asarco reducing its U.S. domestic by 2 cents to 38 cents a lb—2 cents below other producers, who have just this week moved down to 40 cents. Cash lead in London closed £4.5 down at £399.5 a tonne, but this represented a fall of some £14 from the highs of the day reached in earlier trading.

Asarco also cut its U.S. copper price by 2.5 cents to 81 cents bringing it into line with reductions announced by other producers.

Copper cash wirebars too ended the day £3 down at £907 a tonne, after having advanced in early trading following the report of Iran bombing Kuwait. Aiding the subsequent downturn was news of a return to work by Southern Peru copper miners ending a 43-day stoppage; higher UK interest rates and the firmer trend in sterling.

Cocoa buffer price raised

By Our Commodities Staff

THE International Cocoa Organisation's buffer stock raised its purchase price for cocoa beans again last night to $2,410 a tonne from the $2,360 set for yesterday.

The rise in the value of sterling against the dollar resulted in the buffer stock buying no cocoa at all yesterday, since it made the dollar price announced on Wednesday evening uncompetitive. In spite of being raised by $20, the buffer stock buying price remained well below the December level on the futures market.

FARMER'S VIEWPOINT

Who pays to feed the hungry?

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE EEC has been able to return some of last year's contributions due to underspending on the agricultural budget. This is because world prices of some commodities have risen, thus reducing the subsidies that have to be paid on Community exports. This development has been hailed as heralding a permanent raising of the world market prices which will, in the end, bring the levels ruling in the EEC more into line with the common run of world prices.

Coupled with this is the publicity surrounding the world food crisis—the subject of a recent statement from the National Farmers Union, which delineates in chilling terms the inexorable rise in the world's population from 4.5bn today to 6bn by the year 2000. Statements like this from farm organisations are usually interpreted by the cynical as being demands for ever higher prices, so that more food can be grown and presumably be distributed to the teeming millions in the developing countries. What the proponents of this message conveniently disregard is who is going to pay for this production?

There seems little doubt that the populations will go on rising, and that unless a miracle happens there will most likely be widespread malnutrition and possibly starvation endemic in a number of countries. But its almost equally certain that all these hungry mouths will have very little effect on the market price for foods sold commercially. They simply won't have the resources available to buy them.

On the other hand most countries have the resources within their borders to give their populations the basic foods if these resources were properly used. The trouble is that in most cases they are not.

Some of the countries have succeeded. India, which used to be a recipient of food aid on a big scale, has made herself largely independent of food imports through the adoption of the Green Revolution techniques.

There will be some importation of wheat this year, but the long-term trend is of self-sufficiency. This is a considerable achievement.

On the other hand there are many other countries particularly in Africa, where the coming of freedom has been followed by increasing problems of food production. This is in no sense a defence of colonialism, but a fact that must be faced. The most recently liberated country, Zimbabwe, has a maize surplus which, if they could get the transport, could be easily exported to other African neighbours who before independence were themselves either self-sufficient or exporters.

The continuation of Zimbabwe's surplus will depend entirely on the length of time the Government can resist the pressure to take over the large farms for closer settlement. It is an unfortunate fact of life, that smallholdings in general are much less productive than the larger farms they replaced, unless they are very closely managed by some central authority — a state of affairs which independent smallholders resist instinctively.

It is worth noting here that the world trade in wheat which amounts to between 90m and 100m tonnes is divided as follows: developed countries, 13.5 per cent; developing countries, 50.6 per cent; and centrally planned countries, 35.9 per cent.

These are significant figures. The developed countries which, like Britain and many in western Europe, were importers are now self-sufficient in large degree. But it is these countries which could pay the world market price for grain at any time.

The centrally-planned countries, a euphemism for Communist states, are the biggest supporters of the market, led by the USSR. The Communists don't enjoy this situation one little bit. It is for one thing an indictment of their system; Russia and the East European states used at one time to be exporters. They are all undoubtedly trying to rectify matters. It is costing them a lot of money and credit, and they may succeed.

In 1978 the USSR produced some 230m tonnes of all grain; the last two years its been around 200m and some 30m tonnes have been imported. If they get back to the 230m tonnes level the effect on world market prices could be catastrophic. It is probably with this possibility in mind that the U.S. is considering cutting wheat plantings by 15 per cent next year.

This is all very immoral in the face of mounting evidence of over population and shortages of food, but brings me back again to the crucial question. Who is going to pay the farmers to produce the food to send to the hungry? A supplementary question to that would be, who is to show these hungry people how to fend for themselves? Is it the responsibility of the West any more?

John Cherrington

New curb on U.S. speculators

BY NANCY DUNNE IN WASHINGTON

THE COMMODITIES Futures Trading Commission has approved a new speculative trading limit rule designed to prevent traders from amassing large numbers of contracts and producing the kind of turmoil which rocked the silver market in 1980.

Under the rule, all U.S. futures exchanges will be required to establish speculative position limits on all futures and options on futures contracts. The rule will not apply to hedgers.

The rule allows the exchanges to set different and separate position limits for different types of futures contracts. The limits may be flexible enough to allow for change, depending on market conditions and the volume of trade.

If, for example, a contract is not moving because traders are holding on to their positions, then speculation limits may be lowered to force selling.

Meaningless

The exchanges, which have opposed the rule fearing loss of liquidity on certain contracts, have 90 days to propose their limits for Commission approval. Some officials, angered over the ruling, are saying they will propose curbs so loose as to be meaningless.

In doing so, however, they take the risk that the CFTC, itself, will move to impose speculation limits.

Some of the exchanges are contending that except in positions of "extreme market emergencies," the CFTC does not have the legal power to force the exchanges to set limits and order trader to liquidate their position. If the rule continues to be controversial, it may become another issue for Congress to take up in the Commission's reauthorisation hearings next year.

Meanwhile, the CFTC, which has increased its approval of new contracts since the installation of Mr Philip Johnson as chairman, approved two more this week. The Chicago Board of Trade will now list short-term treasury notes with maturities ranging from 21-24 months, and the Chicago Mercantile Exchange's international monetary market will trade an Italian Lira futures contract.

Trout bureau

By Sara Evans

THE British Trout and Salmon Marketing Association has launched a British Trout Bureau as a first step in an extensive promotional campaign.

Initial response from producers to the idea showed that there was considerable support for such a scheme and that producers were prepared to pay a realistic sum towards promoting their product. Mr Peter Hayman, chairman of the marketing association, said this week.

"Most European countries in the Federation of European Salmon and Trout Producers report increasing production coupled with slackening demand for trout, with consequent pressure on prices. If the UK industry is to avoid a similar experience, it must expand its promotional activities at the earliest opportunity," he said.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES weakened on the London Metal Exchange. LEAD and ZINC were particularly vulnerable as news of producer price cuts by Asarco saw the latter fall to £490 before a close of £494 and the former to £403 before a close of £408. The strength of sterling and increase in domestic interest rates lowered COPPER to £943.5, after £942, while TIN was finally £8,300. ALUMINIUM closed at £654.25 and NICKEL at £2,877.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	909.5-10	+6.75	906.5-7.5	—7
3 mths	948.5-9	+6	945-.5	—2.5
Settlem't	910	+6	—	.....
Cathodes				
Cash	905.5-7	+4.75	904-5	—5.5
3 months	942.5-3.5	+6.75	939-40	—5
Settlem't	907	+6	—	.....
U.S. Prod.	—		*79.5	—87

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £910, higher grade three months £950, 51, 52, 51.5, 51, 50, 49, 48, 48.5, 49. Standard, cathodes, three months £942. Kerb: Wirebars, three months £948, 47, 46, 45, 45.5. Afternoon: Wirebars, three months higher grade £947, 46.5, 46, 45, 4, 44.5, 45, 45.5. Kerb: Wirebars, cash £905, three months £945, 44, 43, 43.5, 43, 42.5, 42, 42.5, 43, 44. Turnover: 29,975 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8255-60	+10	8300-10	—50
3 months	8325-30	+76	8500-10	—25
Settlem't	8260	+100	—	.....
Standard				
Cash	8255-60	+102	8300-10	—50
3 months	8325-30	+76	8500-10	—25
Settlem't	8260	+100	—	.....
Straits E.	$535.44	+0.14	—	.....
New York	—			

Tin—Morning: Standard, cash £8,260, three months £8,320, 15, 15, 20, 25. Kerb: Standard, three months £8,325, 20, 15. Afternoon: Standard, three months £8,290, 80, 8300, 05. Kerb: Standard, three months £8,290, 8,300, 8,290, 95.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	415-.5	+19.7	399-400	—4.5
3 months	425-.5	+18.7	410-1	—4
Settlem't	415.5	+19.8	—	.....
U.S. Spot	—	.....	*38.44	.....

Lead—Morning: Cash £415, 14.5, three months £424, 23, 25, 26, 25.5, 25, 24.5, 25, 25.5. Kerb: Three months £425, 23, 21, 20, 19, 18, 17, 18, 19, 20. Afternoon: Three months £415, 12, 10, 7, 6, 5, 7, 6, 7, 8, 7, 10, 7, 8, 9, 10. Kerb: Three months £408, 7, 6, 5, 4, 3, 4, 5, 6, 5. Turnover: 18,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	494-5	+5.5	477.5-8.5	—17
3 months	512-3	+5.25	496-.5	—16.5
Settlement	495	+5.5	—	.....
Primw'ts	—	—	*48.5-50	.....

Zinc—Morning: Cash £494.5, three months £517, 18, 16, 17, 17.25, 17, 16, 15, 14, 13.5, 13, 13.5, 14, 14, 13. Kerb: Three months £512, 11, 10, 11, 12. Afternoon: Three months £490, 96, 97, 95, 96, 95, 98, 500, 498, 99, 500, 498, 99, 98, 97.5, 97, 96.5. Kerb: Three months £496, 97, 96, 95, 94, 93, 92, 91, 92, 93, 94, 95, 94. Turnover: 25,050 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	635.5-6.5	—2.5	624-5	—8.5
3 months	655.5-6	—3.5	654-.5	—7

Aluminium—Morning: Cash £625.5, three months £656, 55, 55.5. Kerb: Three months £655, 55.5. Afternoon: Three months £655, 54.5. Kerb: Three months £654. Turnover: 7,100 tonnes.

Nickel—Morning: Three months £2,850, 60, 65, 60, 65. Kerb: Three months £2,860. Afternoon: Three months £2,880. Turnover: 474 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2740-60	+45	2780-90	+27.5
3 months	2855-60	+50	2875-80	+12.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ⊕ High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 12.95p an ounce higher for spot delivery in the London bullion market yesterday at 509.6p. U.S. equivalents of the fixing levels were: spot $9.32, up 37c; three-month $9.571, up 37.4c; six-month $10.086, up 38.3c; and 12-month $10.885, up 41c. The metal opened at 497¾-503¾p ($9.05-9.15) and closed at 504¾-510¼p ($9.25-9.35).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	509.60p	+12.9	505.75p	+0.25
3 months	527.60p	+12.6	525.5p	+1.5
6 months	548.00p	+12.6	—	.....
12months	588.00p	+12.6	—	.....

LME—Turnover: 100 (124) lots of 10,000 ozs. Morning: three months 530, 27, 26. Kerb: three months 524, 25. Afternoon: three months 530, 27, 25. Kerb: three months 525, 24, 25, 26, 27.

COCOA

Futures eased in quiet conditions on strength of sterling. Physical business was scarce and the buffer stock purchases for the day were considered to be minimal, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1304-05	—10.5	1319-02
March	1308-09	—11.0	1323-05
May	1312-14	—9.5	1326-10
July	1316-18	—9.5	1330-15
Sept	1324-27	—9.0	1336-23
Dec	1330-37	—9.5	1333-31
March	1335-50	—	—

Sales: 2,832 (4,460) lots of 10 tonnes.

ICCO—Daily price for September 30: 106.00 (105.27): indicator prices for October 1: 104.93 (104.53).

COFFEE

The majority of the early activity was restricted to switch and cross trading in a narrow range, reports Drexel Burnham Lambert. A steady "C" market inspired a short lived rally of trade buying but a lack of follow-through support encouraged dealers to sell short.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1076-77	+8.0	1089-69
Jan	1085-88	+9.5	1100-80
March	1086-87	—1.5	1101-83
May	1087-90	+4.0	1100-87
July	1092-96	+11.5	1105-90
Sept	1092-00	+3.0	—
Nov	1090-10	—	—

Sales: 3,888 (3,411) lots of 5 tonnes.

ICO Indicator prices for Sept 30 (U.S. cents per pound): Comp Daily 113.21 (112.21): 20-day average 109.04 (107.16).

GAS OIL FUTURES

A sharp rally caused by the Middle East news was short-lived and the market eased back in heavier trading, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
October	304.00	....	304.00-96.25
November	308.00	+0.25	309.00-07.50
December	311.00	+0.50	312.50-10.50
January	314.00	+1.00	314.00-13.75
February	316.00	....	316.00-16.00
March	317.50	....	317.50-17.50
April	319.50	+0.50	—
May	321.50	+0.75	—
June	321.75	....	—

Turnover: 959 (329) lots of 100 tonnes.

GRAINS

Barley initially traded higher but in a nervous market drifted lower. Wheat saw good trade although values declined on the back of barley. New crops came on the board but attracted little interest, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Nov...	106.05	—0.45	99.85	—0.35
Jan...	110.15	—0.35	103.85	—0.25
Mar...	114.20	—0.60	107.80	—0.20
May..	117.85	—	111.55	—0.10
July..	121.25	—	—	—
Sep...	107.50	—	102.25	—

Business done—Wheat: Nov 106.70-106.05, Jan 110.30-110.15, Mar 114.35-114.00, May 117.95-117.60, July 121-15-121.10, Sept 107.00 only. Sales: 198 lots of 100 tonnes. Barley: Nov 100.45-99.75, Jan 104.35-103.75, Mar 108.25-107.75, May 111.85-111.45, Sept no trades. Sales: 282 lots of 100 tonnes.

LONDON GRAINS—Wheat: English Feed fob Oct 110, Nov 111 East Coast sellers. Barley: English Feed fob Oct 103.50-103.75 paid East Coast Scotland, Jan 108.75 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: W. Mids 108.00, N West 110.30. Feed barley: S East 93.20, S. West 95.80, W. Mids 98.60, N. West 99.10. The UK Monetary Coefficient for the week beginning Monday Oct 5 is expected to remain unchanged.

RUBBER

The London physical market opened unchanged, and saw little interest throughout the day to close quietly steady. Lewis and Peat reported a fob price for No. 1 RSS in Kuala Lumpur of 229.0 (230.0) cents a kg and SMR 20 183.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Nov	56.90-57.70	55.90-56.00	—
Dec	57.00-58.00	56.90-57.50	57.50
Jan-Mar	59.50-59.70	58.90-59.00	59.80-58.50
Apl-Jne	63.10-63.50	62.20-62.30	63.50-61.80
Jly-Sept	66.50-66.70	65.60-65.70	66.70-65.80
Oct-Dec	70.10-70.50	69.10-69.20	70.20
Jan-Mar	73.60-74.00	72.70-72.80	—
Apl-Jne	77.10-77.60	76.20-76.50	—
Jly-Sept	80.60-81.50	79.60-80.00	—

Sales: 597 (180) lots of 45 tonnes: 6 (2) lots of 5 tonnes. Physical closing prices (buyer) were: Spot 54.00p (53.50p); Nov 53.00p (53.25p); Dec 54.00p (54.25p).

SOYABEAN MEAL

The market opened easier and drifted on stronger sterling, reports T. G. Roddick. Prices found some trade short-covering late in the session which lifted values off the lows.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
October	139.00-42.0	—1.00	—
December	135.60-35.7	—1.55	136.00-33.50
February	136.40-36.5	—1.20	136.50-35.80
April	136.50-39.7	—1.90	—
June	141.50-42.5	—1.50	—
August	142.00-46.0	—1.50	—
October	145.00-49.0	—1.00	—

Sales: 39 (67) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 390, 397, 394; Dec 389, 392, nil; Jan 393, 394, nil; March 401, 403, 402-401; May 410, 412, 411-410; Aug 419, 423, 422-421; Oct 424, 426, 426-425; Dec 428, 430, 430-429; Jan 430, 434, 431; March 438, 442, 440. Sales: 45.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 485.0, 485.5, 466.0-484.0; Dec 497.0, 497.5, 497.5-497.0; Mar 508.0, 508.5, 506.5-503.0; May 517.0, 517.0, 519.0-517.5; July 523.0, 524.0, 524.5-523.0; Oct 521.0, 521.5, untraded; Dec 524.0, 524.5, 525.0; Mar 522.0, 533.5, untraded. Sales: 265.

SUGAR

LONDON DAILY PRICE—Raw sugar £175.00 (£180.00) a tonne cif Sept-Oct-Nov shipments: White sugar daily price £187.00 (£190.00).

Initial prices were unchanged but after sterling strengthened the market moved on to the defensive. Long liquidation developed but profit taking lifted levels somewhat.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	169.25-71.00	170.00-71.75	171.75-71.00
March	176.80-76.90	179.00-79.10	182.00-75.50
May	180.75-80.00	182.50-82.70	186.25-79.00
Aug	184.25-85.00	186.05-86.50	186.25-83.25
Oct	187.00-87.25	188.75-89.50	191.75-87.00
Jan	187.00-88.00	187.50-90.00	189.00
March	187.50-92.00	—	—

Sales: 4,411 (5,639) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £360.4 (same) a tonne fob for home trade and 261.5 (£289.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 30. Daily price 12.87 (12.86): 15-day average 11.81 (11.68).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 30 tonnes. After virtual stagnation, buyers increased their purchases, although still acting with considerable caution. A little more interest was shown in North American supplies.

POTATOES

LONDON POTATO FUTURES—The opening was very steady with strong buying from one source. After buying interest slipped, sellers put all positions lower to close at the lows, reports Coley and Harper. Closing prices: Nov 80.20, —0.30, (high 82.50, low 80.50); Feb 84.40, —0.80, (high 96.50, low 94.40); April 108.00, —, (high 110.50, low 108.00). Turnover: 608 (679) lots of 40 tonnes.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.50-£7.50, codling £3.50-£4.50. Large haddock £5.00-£5.40, medium £4.30-£4.50, small 2.00-£3.00. Large plaice £4.50-£5.20, medium £4.20-£5.00, best small £3.50-£4.60. Skinned dogfish (large) £10.50-£12.00 (medium) £7.50-£8.00. Lemon soles (large) £12.00, (medium) £10.00. Saithe £2.50-£3.00.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 74.7 to 78.3; Ulster hindquarters 91.0 to 92.8, forequarters 55.3 to 57.3; Eire hindquarters 88.0 to 91.5, forequarters 53.5 to 56.0. Veal: Dutch hinds and ends 124.0 to 129.0. Lamb: English small 67.0 to 72.0: Imported frozen: New Zealand PL 65.0 to 65.0, PM 65.0 to 65.0. Pork: English, 100-120 lb 45.0 to 51.0, 120-160 lb 42.5 to 49.3.

MEAT COMMISSION—Average Fatstock prices at representative markets: GB—Cattle 86.55p per kg lw (—1.99). UK—Sheep 145.21p per kg est dcw (—8.96). GB—Pigs 77.61p per kg lw (+0.34).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.50, 56 6.30, 72 6.25, 88 5.40, 112 5.35, 138 5.30, 150 4.95: Argentinian: 64/72/88/100 6.40-6.80. Lemons—Spania: Boxes 6.00-8.00, trays 25/50 2.80-3.50: Outspan: 80/195 7.50-9.00; Cyprus: 7.00-8.00; Turkish: 7.00-8.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Israeli: Jaffa: 36/72 5.50-6.00; Cuban: 36/40/48 4.20-4.50; Honduras: 32/56 4.80-5.20. Apples—French: New crop, Golden Delicious 20 lb 3.00-3.20, 40 lb 5.80-6.20. Stark Crimson 40 lb 7.50-8.00, Granny Smith 8.50-9.20; Spanish: Granny Smith 7.00-8.00; U.S.: Red Delicious 11.00-12.00. Pears—French: Per 28 lb Williams' 3.80, Comice per 22 lb 4.00; Italian: Per pound 0.16-0.30: Spanish: Per pound 0.15-0.19. Peaches—U.S.: 60's 12.00. Plums—U.S.: Per pound 0.45-0.60. Grapes—Spanish: Almeria 11 lb 2.20-2.40, Negra 2.80; French: Alphonse 16 lb 3.50; Italian: Regina 1.00-1.50, Italia, per pound 0.20-0.30; Greek: Rozaki 2.50-2.60, Alphonse 1.20-1.50. Melons—Spanish: 10 kg, yellow 3.00-3.60, green 3.00-3.50. Pineapples—Ivory Coast: Each 0.35-1.10. Bananas—Colombian: Per pound 0.19-0.20. Avocados—U.S.: 20's 6.50; Israeli: 4.50-5.00, South African: By air 3.00-4.80. Strawberries—U.S.: 12 oz 1.20. Raspberries—U.S.: 8 oz 1.30-1.40. Pomegranates—Spanish: 24/60 3.00-4.50; Israeli: 2.50. Tomatoes—Dutch: 2.40; Spanish: 2.00-2.60. Onions—Spanish: Grano 3/5 2.80-3.50. Capsicums—Dutch: 5 kg, red 6.00-6.50, green 3.80, yellow 8.20. Aubergines—Dutch: 5 lb 5.50. Cabbages—Dutch: White 2.80, red 3.00. Chillies—Dutch: 3 kg 3.00-3.20. Artichokes—French: Globe 24's 4.60. Asparagus—South African: Per pound, green 1.50-1.80, white 1.20-1.40; Mexican: 1.20-1.30. Chicory—Belgian: 3 kg 3.00-3.50. Cucumbers—Dutch: 3.00.

English Produce: Potatoes—Per 55 lb, white 2.30-2.50, red 2.40-2.70, King Edwards 2.70-3.10, jacket 3.00. Mushrooms—Per pound, open 0.30-0.50, closed 0.60-0.70. Apples—Per pound, Bramley 0.10-0.16, Howgate 0.10-0.14, Cox's 0.18-0.26, Worcester Pearmain 0.12-0.22, Russet 0.15-0.20. Pears—Per pound, Williams' 0.10-0.12, Conference 0.10-0.13. Strawberries—Per ½ lb 0.30-0.50. Raspberries—Per ½ lb 0.50. Tomatoes—Per 12 lb, D 2.00-2.20, E 1.80-2.00. Cauliflowers—Per 12, Lincoln 1.60-2.40. Cabbages—Per bag, Primo 30 lb 1.00-1.20. Lettuce—Per 12, round 0.80-1.00, Cos 10/12 1.20-2.00, Webb's 1.40-1.60. Radishes—Per pack 12 x 8 oz 1.50, bunches of 15 1.50-1.80. Onions—Per tray x 20 bunches, spring 2.00, 55 lb 40/60mm 2.40-2.80. Cucumbers—Per 10/20 3.00. Carrots—Per 26/28 lb 0.70-1.20. Beetroots—Per 28 lb 1.00-1.20. Marrows—Per box 0.60-1.00. Fennel—Per 10 lb 3.00. Parsnips—Per 26 lb 1.50-2.00. Stick Beans—Per pound 0.15-0.25. Swedes—Per net 1.00. Leeks—Per 10 lb 1.60-1.80. Courgettes—Per tray 2.40-2.80. Sprouts—Per 20 lb 2.40-2.60. Pumpkins—Per pound 0.08-0.10.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 1 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt.	$1155/1165	—10	$1200/230
Copper			
Cash w'bar	£907	—3	£939
3 mths.	£945.25	—2.5	£968.25
Cash Cathode	£905	—5.5	£936
3 mths.	£939	—6	£960.5
Gold troy oz.	$435	+4.5	$436
Lead Cash	£399.5	—4.5	£418.5
3 mths.	£410.5	—4	£424.5
Nickel	£4219.60	+113.5	£4,106.25
Free mkt.	225/275c	....	270/280c
Platin'mtr'y oz	£260	....	£260
Freemkt.	£226.05	—0.1	£256.75
Quicksilver	$427/432	....	$425/450
Silver troy oz.	509.60p	+12.95	518.90p
3 mths.	527.60p	+12.55	534.90p
Tin Cash	£8205	—50	£8094
3 mths.	£8305	—25	£8295
Tungsten22.01b	$145.86	....	$145.43
Wolfrm22.04lbs	$140/144	....	$144/148
Zinc Cash	£478	—17	£523
3 mths	£496.25	—14.5	£538.5
Producers	$1000	....	$926/1000
Oils			
Coconut (Phil)	$550x	....	$560
Groundnut	$860w	....	
Linseed Crude	£420	....	£432
Palm Malayan	$517.5y	+15	$510
Seeds			
Copra Philip	$545x	....	$555
Soyabean (U.S.)	$266	+3	$283
Grains			
Barley Fut. Jan	£103.85	—0.25	£102.15
Maize	‡	....	£126.5
Wheat Fut. Jan	£110.15	—0.35	£109.00
No2 HardWint	‡	....	£117.50
Other commodities			
Cocoa ship't*	£1,400	—11	£1,275
Future Mar.	£1308.5	—11.0	£1,281.5
Coffee Ft' Jan.	£1066.5	+9.5	£908
Cotton A.Index	74.60c	....	78.75c
Gas Oil Nov.	$308	+0.25	$304
Rubber (kilo)	54p	+0.5	58.25p
Sugar (Raw)	£175wy	—5	£160
Woolt'ps 64s kl.	400p kilo	....	392pkilo

† Unquoted. y Nov. x Oct-Nov. w Sept-Oct. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Oct 1.

Gold prices were under moderate pressure as the market reacted with heavy trade selling to early bullish news from Mr Granville. Silver rallied correcting its oversold position. Cattle markets were bullish in response to higher cash markets, while the pork complex was under heavy pressure due to trade liquidation. Cocoa failed to respond to buffer stock purchases and eased off moderately. Coffee rallied on speculative buying and on increases in retail prices. Grains and soyabeans finished lower as the trade was disappointed with the final magnitude of U.S. offerings to the Soviet Union, reported Heinold.

Copper—Oct 73.35 (74.55), Nov 76.40 (75.65), Dec 77.45-77.65, Jan 78.60, March 80.80-80.90, May 83.00, July 84.70, Sept 87.00, Dec 89.90, Jan 90.85, March 92.80, May 94.70, July 96.60. Sales: 6,785.

Potatoes (round whites)—Nov 73.0 (72.5), Feb 83.5-83.6 (82.9), March 87.6, April 102.9. Sales: 506.

¶Silver—Oct 934.0 (914.0), Nov 945.0 (925.0), Dec 957.0-961.0, Jan 972.0, March 998.0-1004.0, May 1036.5, July 1052.5, Sept 1078.5, Dec 1117.5, Jan 1130.5, March 1156.0, May 1181.5, July 1207.0. Handy and Harman bullion spot: 928.00 (910.00).

Sugar—No 11: Jan 12.55-12.60 (12.45), March 13.16-13.20 (13.11), May 13.48, July 13.80-13.82, Sept 14.00, Oct 14.15, Jan 14.25-14.75, March 14.75-15.00.

Tin—666.00-695.00 (675.00-685.00)

CHICAGO, Oct 1.

Lard—Chicago loose 23.50 (23.25-23.50).

Live Cattle—Oct 65.12-65.20 (65.57), Dec 65.90-65.60 (65.82), Feb 63.85-63.75, April 64.20-64.25, June 65.35-65.25, Aug 65.60, Oct 64.15-64.10.

Live Hogs—Oct 47.90-47.80 (46.22), Dec 49.35-49.45 (50.25), Feb 48.00-48.10, April 45.55, June 48.45, July 48.60-48.30, Aug 46.50, Oct 46.10, Dec 49.00.

††Maize—Dec 286¼-286¾ (288), March 305-305¼ (306¼), May 316½, July 324½, Sept 328¾-328½, Dec 334-334¼.

Pork Bellies—Feb 62.56-62.45 (64.42), March 62.50-62.30 (64.25), May 63.50-63.30, July 64.40-64.60, Aug 64.20.

†Soyabeans—Nov 646-645 (648), Jan 668-667 (670½), March 689½, May 712½-712, July 731-730½, Aug 735, Sept 738½, Nov 747.

Soyabean Meal—Oct 182.2-182.0 (181.9), Dec 188.0-188.2 (188.4), Jan 192.0, March 199.0, May 205.5-206.0, 215.5-216.0, Oct 216.0-217.0, Dec 220.0-July 211.5-212.0, Aug 214.0-214.5, Sept 221.0.

Soyabean Oil — Oct 20.29-20.32 (20.27), Dec 21.08-21.09 (21.09), Jan 21.50, March 22.25-22.30, May 22.85-22.90, July 23.45, Aug 23.65-23.75, Sept 23.75-23.85, Oct 23.80-23.90, Dec 24.10-24.11.

†Wheat—Dec 422¼-422½ (424¾), March 447¾ (450), May 456¾-456½, July 454½-454¾, Dec 481½.

WINNIPEG, Oct 1

§Barley—Oct 125.00-125.50 (123.40), Dec 121.50-121.60 (121.70), March 125.20, May 129.30, July 131.40.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, Sept 30.

††Cocoa—Dec 2215 (2174), March 2283 (2254), May 2308, July 2340, Sept 2368, Dec 2388. Sales: 3,008.

Coffee—"C" Contract: Dec 129.00-129.25 (127.00), March 124.00-124.25 (122.27), May 123.00, July 122.90-123.20, Sept 123.00, Dec 119.75-120.50. Sales: 1,750.

Cotton—No. 2: Oct 63.50 (62.55), Dec 64.90-64.95 (64.43), March 67.40-67.45, May 69.15, July 70.80, Oct 73.00-73.20, Dec 74.10-74.20, March 74.90-75.25. Sales: 3,800.

Orange Juice — Nov 130.10-130.20 (129.65), Jan 132.70-132.95 (132.30), March 134.95-135.00, May 136.35-137.00, July 139.25-139.50, Sept 139.85-140.00, Nov 140.25-140.30. Sales: 500.

CHICAGO, Sept 30.

Chicago Imm Gold—Dec 442.9-442.5 (441.4), March 461.5-460.5 (459.5), June 479.7, Sept 498.6, Dec 517.8, March 537.3, June 557.1, Sept 577.2.

EUROPEAN MARKETS

ROTTERDAM, Oct 1.

Wheat—(U.S. $ per tonne): U.S. No 2 Dark Hard Winter 13.5 per cent, Oct 200, Nov 203, Dec 208, Jan 214, Feb 216, March 218. U.S. No 2 Red Winter Oct 180, Nov 185. U.S. No 3 Amber Durum Oct 190, Nov 192.50, Dec 198.50, April-May 207. U.S. No 2 Northern Spring 14 per cent, Oct 189, Nov 191.50, Dec 196, April-May 206.

Maize—(U.S. $ per tonne): U.S. No 3 Corn Yellow Sept 136, Oct 131.50, Nov 130.50, Dec 134.50, Jan-March 140.75, April-June 144.

Soyabeans—(U.S. $ per tonne): U.S. No 2 Yellow Gulfports Oct 259.75, Nov 257.50, Dec 263, Jan 269, Feb 274, March 279, April 283, May 287, June 293 sellers.

Soyabean—(U.S. $ per tonne): 44 per cent protein U.S. afloat 234, Sept 235, Oct and Nov 229, Dec 234, Nov-March 240, April-Sept 260. Brazil Pellets afloat 254, Sept 251, Oct 247, Nov 247.50, Dec 250, Nov-March 260.

PARIS, Oct 1.

Cocoa—(FFr per 100 kilos): Dec 1335-1336, March 1345-1360, May 1355-1370, July 1360 limit up bid, Sept 1390 bid, Dec 1400 bid, March 1405 bid. Sales at call, 11.

Sugar (FFr per tonne): Nov 1770-1830, Dec 1837-1845, March 1890-1900, May 1925-1940, July 1930-1960, Aug 1950-1990, Oct 1960-2010, Nov 1960-2010. Sales at call, 15.

INDICES

FINANCIAL TIMES

Sept 30	Sept. 29	Month ago	Year ago
260.83	258.40	258.45	276.30

(Base: July 1, 1952=100).

MOODY'S

Sept. 30	Sep. 29	Month ago	Year ago
1008.4	1012.5	1021.6	1313.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Sep. 30	Sept. 29	Month ago	Year ago
Spot	355.81	355.01	352.76	463.10
Fut'rs	372.10	370.77	371.85	485.72

(Average 1924-25-26=100).

REUTERS

Oct. 1	Sep. 30	M'nth ago	Year ago
1673.5	1670.7	1650.8	1746.8

(Base: September 18, 1931=100)

LEGAL NOTICES

GARY COLLINS ASSOCIATES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at offices of Leonard Curtis & Co. situate at 3/4 Bentinck Street, London W1A 3BA, on Wednesday the 14th day of October 1981 at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

Dated this 28th day of September 1981.

G. J. COLLINS, Director.

ORIENTAL FOOTWEAR (IMPORTS) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of Oriental Footwear (Imports) Limited will be held at the offices of Leonard Curtis & Co., 3/4 Bentinck Street, London W1A 3BA on Thursday the 15th day of October 1981 at 12 o'clock midday, for the purposes provided for in Sections 293, 294 and 295 of the said Act.

Dated this 25th day of September 1981.

By Order of the Board.
M. N. So, Director.

GLEN FURNITURE PRODUCTION LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of Glen Furniture Production Limited, will be held at 3/4 Bentinck Street, London, W1, on Friday the 16th day of October 1981 at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

Dated this 25th day of September 1981.

G. ROOTS, Director.

DELIN WALL FASHIONS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at offices of Leonard Curtis & Co. situate at 3/4 Bentinck Street, London W1A 3BA, on Tuesday the 13th day of October 1981 at 12 o'clock midday, for the purposes provided for in Sections 293, 294 and 295 of the said Act.

Dated the 25th day of September 1981.

By Order of the Board.
L. D. DELIN, Director.

LONDON STOCK EXCHANGE

Fresh rise in bank lending rates taken quite calmly
Equities down only 0.4 at 475.0 but short Gilts fall

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* "New-time" dealings may take place from 9.30 am two business days earlier.

The two main investment areas of London stock markets took news of the fresh rise of 2 per cent, to 16 per cent, in clearing bank base rates relatively calmly yesterday. After sharp early fluctuations, the FT Industrial Ordinary share index settled only marginally lower on balance to record its smallest closing movement for a month. Similarly, long-dated Government securities appeared to have discounted the news and closed fractionally harder, but the shorts were put under pressure and ended lower.

Leading shares encountered selling immediately trading began and were soon showing losses of a few pence or so. The downturn gathered momentum on announcement of the latest hike in bank lending rates, but quotations soon steadied as bear closing developed. The early events were well illustrated by the FT 30-share index which showed a fall of 10.7 at 10.00 am and one of only 3.2 an hour later. Thereafter, the trend continued gradually higher in thin trading with sellers noticeably reluctant. Despite early dullness on Wall Street, leading equities showed continuing stability in the after-hours' trade and the index closed a mere 0.4 down at 475.0.

Of the sectors, Banks failed to benefit from their decision to lift base rates yet again and closed a few pence easier. In contrast, Oils were livelier than of late, being influenced by bear-closing following a report, later denied, of an Iranian attack on oil installations north of Kuwait. Announcement of the residue of the Seventh round of North Sea licences also contributed to some useful gains in isolated issues.

The increase in clearing bank rates came as no surprise to the Gilt-edged market, but the shorts met with some nervous selling and, in thin trading, lost ⅜ before rallying on bear-covering to end ⅛ down on the day. Long-dated stocks marked time for most of the session but found scattered support late which took quotations ⅛ higher.

Banks easier

Total contracts in Traded options amounted to 1,971 with oil issues well to the fore. **British Petroleum** accounted for almost half of the business with 753 calls, 475 of which were dealt in the October 280s, and 247 puts. **Shell Transport** attracted 169 calls and 109 puts.

Japanese computer concern **Fujitsu** made its official London debut, trading at around 154p.

The latest increase in base lending rates had been widely anticipated and thus made little impression on the major clearers, which drifted lower. A modest late rally helped **Midland** close only a couple of pence cheaper at 306p, after 302p, while **Barclays** gave up 3 at 405p, after 402p. Elsewhere, **Standard Chartered** rallied 6 to 586p and **Mercury Securities** advanced 9 to 204p.

The Building leaders settled a few pence cheaper after a small two-way business. Housebuilders were not helped by the prospect of higher mortgage rates, but closed above the worst. **Barratt Developments** settled 4 off at 214p, after 212p, and **M. P. Kent** a penny down on balance at 122p, after 120p. **William Leech** shed a couple of pence to 62p and **John Laing** the turn to 44p. **French Kier**, up 9 on Wednesday following the announcement that Trafalgar House had increased its stake in the company to 15 per cent, lost 4 at 75p. **Watts Blake Bearne** shed 7 for a two-day fall of 13 to 163p reflecting disappointment with the interim results. Of the occasional bright spots, **Burnett and Hallamshire** advanced 50 to 930p and **Nottingham Brick** gained 7 to 127p.

ICI remained a sensitive market and, after opening at 252p, dipped to 246p before rallying well to close unchanged on balance at 256p. **Fisons**, a couple of pence easier at one stage, moved up late to end a net 3 dearer at 135p. **Wolstenholme Rink** shed 5 to 100p on the lower half-yearly profits.

Approach to Hiltons

Business in leading Stores was again light with many hovering either side of their overnight positions. **Gussies "A"** proved a notable exception and dipped to 362p before rallying to end 2 dearer on balance at 375p. Special situations provided some exceptional gains among secondary counters. Renewed speculative demand lifted **Grant Bros** 25 to 180p and **Tern-Consulate** 10 to 66p, while **H. Samuel** recovered from Wednesday's dullness on the interim results to close a net penny up at 106p. The first-half earnings from **Grattan** were in line with market estimates and the price, down to 78p in front of the announcement, rallied sharply to close a net 6 higher at 90p. **Freemans**, interim results next Monday, firmed 4 to 96p. News that **Hiltons**, which has already agreed merger terms with **George Oliver**, has received a takeover approach from **Ward White** lifted the former 36 to 104p: Oliver rose 10 to 100p. Ward White, which also revealed reduced interim profits, held at the overnight level of 47p. **Austin Reed**, on the other hand, eased 3 to 55p, after 52p, following the disappointing half-timer. **Peters** succumbed to selling and closed 10 lower at 78p.

Popular Electricals again fluctuated quite violently, although trade was on a much smaller scale than of late. The closing trend was narrowly mixed with **GEC**, after moving between extremes of 677p and 650p, closing 4 harder at 672p and **Thorn EMI** finishing 3 dearer at 418p, after 403p. **Plessey**, however, sustained a fall of 8 at 300p, after 290p, and **Racal** cheapened 2 to 380p, after 390p. Secondary issues were featured by a jump of 20 to 190p in **Aircall** following the increased interim dividend payment and more-than-doubled first-half profits. Better-than-expected half-yearly earnings prompted a gain of 12 to 172p in **Bowthorpe**, while **Baker Electric** rebounded 15 to 28p in a restricted market. **Cray** put on 8 at 80p and **George Scholes** 6 at 178p.

Against a quietly dull trend among other Engineering leaders, **Vickers** hardened 2 to 148p in response to satisfactory first-half results. **Tubes** lacked support and lost 6 to 122p, while **Hawker** lost 4 to 270p. Elsewhere, **Turriff** rose 7 to 103p following the 70 per cent jump in interim profits. **G. M. Firth**, in which Mr I. H. Wasserman holds a near-19 per cent stake, advanced 9 to 131p on revived speculative support. **Desoutter Bros** closed a few pence dearer at 88p after the half-yearly figures.

Foods produced several bright features. Speculative buying fuelled by revived bid hopes hleped **Fitch Lovell** rise another 9 to 75p and **Linfood** gain 7 to 144p. **George Bassett**, another takeover favourite, attracted support and firmed 6 to 56p.

The interim dividend omission and near £1m first-half deficit caused **Elbar Industrial** to be marked down 20 to 160p. Elsewhere in miscellaneous industrials, **Christies International**, at 148p, lost 17 of the previous day's rise of 23 which followed settlement of the buyers' premium dispute within the auction and antique business: **Sothebys**, however, rallied from a lower early level of 370p to close a net 2 harder at 385p. **Office and Electronic** advanced 15 to 285p in response to satisfactory interim results, while improvements of around 5 were seen in **Cawoods**, 181p, **EIS**, 112p, and **Ricardo**, 390p. **Staffordshire Potteries** gave up 2 more to 32p on further consideration of the proposed £1.5m rights issue plus the poor results. The leaders passed a fairly quiet session and closed with a mixed appearance. **Glaxo** put on 4 at 364p and **Bowater** 2 at 203p, after 198p, but **Unilever** lost 5 at 538p and **Reckitt and Colman** 4 at 246p.

Newspapers and Publishers were undecided. **News International**, still unsettled by events at "The Times" eased a couple of pence to 88p, but **Associated Book** advanced 20 to 293p in response to the increased interim profits and dividend.

Properties overcame early fears about increased borrowing costs and closed with modest improvements on balance. **Land Securities**, down to 263p at one stage, picked up to close a net 3 dearer at 273p, while **MEPC** finished 4 up on balance at 196p, after 184p. **Berkeley Hambro** firmed 8 to 223p and **Great Portland Estates** 4 to 164p. Elsewhere, **Second City Properties** put on 3 to 57p; Control Securities has increased its stake in the company to 20.34 per cent. **Marler Estates**, a rising market recently on bid speculation, reacted 6 to 66p, but **Property Partnerships** were in demand and gained 15 to 215p.

Middle East uncertainties induced bear covering among the popular oil stocks. **British Petroleum** closed 10 higher at 270p and **Shell** 4 dearer at 324p. **Lasmo** advanced 20 to 438p and **Ultramar** 12 to 407p. Elsewhere, **Pict Petroleum** jumped 40 to 210p following details of the residue of the North Sea licences awards.

Warren Plantations advanced 10 to 217p, or 2 above the contested offer erms from **McLeod Russel**, which were a similar amount up at 255p. **Blantyre Tea** gained the turn to 70p following the cash offer from **Eastern Produce**, 2 up at 69p.

Golds up again

South African Golds improved for the third successive day reflecting the $4.50 rise in the bullion price to $435 an ounce coupled with a continued shortage of stock.

Prices moved ahead strongly at the outset and gathered momentum during the morning following reports of conflict between Iran and Kuwait. However, a denial of the Iranian/Kuwaiti flare-up coupled with light profit-taking took prices off their best levels although the Gold Mines still managed a 6.7 gain at 377.9.

In the heavyweights **Southvaal** were particularly firm and closed ⅜ up at £18 while similar gains were registered by **Buffels**, £22¼, **Hartebeest** £30½ and **Western Deep**, £20⅜.

In the London-based Financial issues **Rio Tinto-Zinc** rallied from 445p to close a net 10 better at 465p while **Gold Fields** were finally a net 12 firmer at 462p, having fallen to 447p in initial trading.

In Diamonds **De Beers** moved up 5 to 357p while Platinums showed **Impala** a further 5 firmer at 400p reflecting the chairman's forecast of maintained profits in the current financial year.

Australians ran out of steam after the strong recovery over the previous two days. **Bougainville** remained a weak market and gave up 3 more to 76p reflecting the shutdown of the mine in Papua New Guinea. **CRA**, Bougainville's parent company, fell 9 to 201p. **North Broken Hill** lost a like amount to 161p on consideration of the reduced full-year earnings.

FINANCIAL TIMES STOCK INDICES

	Oct. 1	Sept. 30	Sept. 29	Sept. 28	Sept. 25	Sept. 24	A year ago
Government Secs	60.66	60.67	60.88	60.45	61.11	61.89	70.71
Fixed Interest	62.25	62.18	62.24	61.94	62.76	63.28	71.67
Industrial Ord	475.0	475.4	481.2	457.5	474.7	489.1	478.7
Gold Mines	377.9	371.2	370.6	354.2	398.3	401.2	615.6
Ord. Div. Yield	6.31	6.32	6.25	6.57	6.35	6.23	7.58
Earnings, Yld. % (full)	10.75	10.77	10.65	11.21	10.82	10.67	17.52
P/E Ratio (net) (*)	11.93	11.91	12.04	11.44	11.86	11.97	2.07
Total bargains	16,285	24,319	32,045	29,323	27,323	27,287	20,593
Equity turnover £m.	—	125.29	171.35	170.18	129.92	217.54	—
Equity bargains	—	19,825	27,281	27,353	23,898	25,728	—

10 am 470.4. 11 am 464.7. Noon 472.2. 1 pm 471.5. 2 pm 472.2. 3 pm 473.3.

Latest Index 01-246 8026.
*Nil = 10.61.

Basis 100 Govt. Secs. 15/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	60.45 (28/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed-Int.	72.01 (20/5)	61.94 (28/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	262.6 (28/5)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 30	Sept. 29
—Daily Gilt Edged Bargains	221.2	149.6
Equities Bargains	124.6	170.8
Value	253.2	345.3
5-day Avrge. Gilt-Edged Bargains		
Equities Bargains	176.8	168.3
Bargains	160.8	164.6
Value	357.5	306.1

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (2)

STORES (1)
Hiltons

INDUSTRIALS (1)
St Gobain

NEW LOWS (86)

BRITISH FUNDS (15)
Treas. 14pc '82, Treas. 15pc '85, Treas. 12pc '83, Exch. 12pc Cnv '85, Treas. 9¼pc '83, Treas. 11½pc '85, Exch. 13½pc '83, Exch. 12½pc '85, Exch. 10pc '83, Exch. 11½pc '86, Exch. 11½pc '84, Treas. 12pc '86, Exch. 14pc '84, Treas. 8½pc '84-86, Treas. 12pc '84

FOREIGN BONDS (1)
Chinese 5pc 1913

AMERICANS (2)
Burroughs Corp., Crown Zellerbach

CANADIANS (1)
Massey Ferguson

BUILDINGS (1)
Meyer (M. L.)

CHEMICALS (2)
Ciba Geigy 8¼pc Cnv., Rentokil

STORES (5)
Mothercare, Walker (J.), Peters Stores, Do. N/V, Samuel (H.) A

ELECTRICALS (2)
Murray Tech. Invs, Norsk Data

ENGINEERING (3)
British Aluminium, Wagon Industrial, Porter Chadburn

FOODS (1)
Barrow Milling

INDUSTRIALS (9)
Burns Anderson, Man. Ship Canal, Cont. Stationery, Redfearn Nat. Glass, Hoover A, Rolls and Nolan, Initial Services, Scotcros, Jardine Matheson

LEISURE (2)
Grampian TV A, Scottish TV A

MOTORS (2)
Plaxton's GB, Solex

PROPERTY (10)
Anglo Metropolitan, Markheath 54.6pc Pd., Apex Props., Prop. Hld and Inv., Aquis Securities, Regional Prop, Imry Property, Swire Props., Lynton Hlds., Warner Estate

SOUTH AFRICANS (1)
Gold Fields Prop.

TEXTILES (2)
Crowther (J.), Gaskell Broadloom

TRUSTS (16)
Archimedes Cap., Hill (Philip), Brit. Ind Gen. Dfd., Jove Inv. Inc., Caledonia Invs., Keystone Inv., Cardinal Dfd., Maledie, Continental Union, Trust Union, Eng. & Scottish Inv., U.S. & Gen. Trust, Gen Investors, Welsh Ind. Inv., Guardian Inv. Trust, Yeoman

OIL AND GAS (3)
British Borneo, Sunmask Pet., Magnet Metals

RUBBERS (3)
Barlow Hlds., Malakoff, Kuala Kepong

TEAS (1)
Williamson

MINES (4)
Bond Corp, Poseidon Res., Hampton Areas, York Resources

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	34	25	33
Corpns. Dom. & Foreign Bonds	4	7	59
Industrials	216	339	817
Financial & Props.	61	187	255
Oils	25	31	47
Plantations	4	8	11
Mines	56	42	69
Others	33	85	82
Totals	433	724	1,373

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bougainville	76	− 3	Glaxo	364	+ 4
Bowater	203	+ 2	Land Securities	273	+ 3
BP	270	+10	MEPC	196	+ 4
Cons. Gold Fields	462	+12	Plessey	300	− 8
Fitch Lovell	75	+ 9	Racal Electronic	380	− 2
GEC	672	+ 4	Shell Transport	324	+ 4

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
BP	20	260	—	Lonrho	13	76	+ 3
ICI	18	256	− 2	Racal Elec.	13	382	+ 2
RTZ	18	455	−15	Royal Ins.	13	350	+ 8
GEC	17	668	− 7	Sothebys	13	383	+18
Kwik-Fit	15	78½	+ 5½	Beecham	12	188	− 3
Hanson Tst.	14	260	+12	Euro. Ferries	12	68	+ 1½
Bowater	13	201	−10	Grand Met.	12	163	− 1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 21	Oct 2	Dec 21	Jan 4
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1

For rate indications see end of Share Information Service

Call options were arranged in Charterhall, Premier Oil, BSR, F. H. Lloyd, British Mohair Spinners, James Neill, Saatchi and Saatchi, Granada A, Lonrho, Tozer Kemsley and Millbourn, Cattles, Dunlop, NCC, BP, KCA Drilling, Britannia Arrow and Hambro Life. Puts were taken out in GKN, MEPC and Glaxo, while doubles were completed in British Mohair Spinners, Premier Oil, KCA International, FNFC, Town and City Properties, Grand Metropolitan and B. Elliott.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Oct. 1, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Sept. 30 Index No.	Tues. Sept. 29 Index No.	Mon. Sept. 28 Index No.	Fri. Sept. 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	308.96	−0.5	11.54	5.11	10.69	310.49	310.43	294.08	310.22	280.48
2	Building Materials (25)	269.29	−0.5	16.86	6.36	6.76	270.75	273.89	259.17	278.26	247.68
3	Contracting, Construction (28)	480.93	−1.3	19.73	5.93	5.89	487.08	482.65	451.60	491.20	413.23
4	Electricals (30)	1033.97	−0.1	8.81	2.77	14.16	1034.64	1039.04	987.19	1027.12	859.18
5	Engineering Contractors (9)	421.18	−1.2	15.38	6.53	7.67	426.17	415.39	391.31	428.44	343.92
6	Mechanical Engineering (66)	173.45	−0.8	13.27	6.32	9.70	174.88	174.28	165.29	175.08	178.02
8	Metals and Metal Forming (13)	143.82	−0.5	10.02	8.24	13.52	144.55	145.08	135.93	146.82	157.17
9	Motors (21)	88.97	+0.4	—	7.58	—	88.63	89.41	84.06	90.13	96.45
10	Other Industrial Materials (18)	326.54	−1.0	10.16	6.93	11.99	329.89	324.22	309.03	329.41	0.00
21	CONSUMER GROUP (197)	245.53	+0.1	14.23	6.58	8.66	245.20	247.47	233.55	244.22	238.87
22	Brewers and Distillers (20)	257.04	+1.1	17.45	7.52	6.90	254.25	260.31	250.17	260.27	276.57
25	Food Manufacturing (21)	234.08	−0.5	17.08	7.19	7.06	235.16	236.53	223.49	234.60	217.61
26	Food Retailing (15)	493.02	+2.2	10.11	3.61	11.84	482.28	482.21	446.45	466.63	381.64
27	Health and Household Products (7)	305.23	+0.6	9.08	4.84	13.16	303.53	304.31	285.32	295.81	230.16
29	Leisure (24)	378.51	−1.0	10.76	5.81	11.53	382.24	381.87	355.04	379.22	338.91
32	Newspapers, Publishing (12)	420.88	−1.7	14.62	7.13	9.80	428.04	426.11	414.73	441.72	449.30
33	Packaging and Paper (13)	120.91	+0.1	15.95	8.81	7.58	120.85	123.05	115.73	125.01	124.55
34	Stores (45)	223.39	—	12.91	5.95	10.33	223.32	226.80	214.80	222.90	234.50
35	Textiles (23)	136.61	−1.3	9.21	6.73	15.15	138.44	138.49	132.61	138.62	118.34
36	Tobaccos (3)	244.81	−0.6	23.23	10.63	4.96	246.22	246.41	228.92	238.08	221.87
39	Other Consumer (14)	239.13	−1.4	8.40	7.26	18.93	242.43	240.83	229.84	243.91	0.00
41	OTHER GROUPS (80)	201.49	−0.1	12.31	7.04	10.40	201.73	200.65	191.89	199.77	219.71
42	Chemicals (16)	263.25	+0.1	6.13	6.82	27.16	262.87	263.47	252.89	257.53	298.95
44	Office Equipment (5)	98.25	+0.4	17.38	8.70	6.91	97.91	98.00	95.19	99.69	103.61
45	Shipping and Transport (13)	448.58	−0.3	23.58	8.16	5.05	449.86	447.15	430.18	449.84	558.72
46	Miscellaneous (46)	257.32	−0.5	14.64	6.54	8.28	258.57	254.52	240.93	256.74	278.96
49	INDUSTRIAL GROUP (487)	261.69	−0.1	12.97	6.08	9.55	261.39	262.38	248.39	260.47	251.14
51	Oils (13)	622.59	+2.7	22.87	9.06	4.95	606.29	608.47	589.96	601.95	881.65
59	500 SHARE INDEX	290.36	+0.3	14.68	6.60	8.23	289.38	290.47	276.80	288.19	301.82
61	FINANCIAL GROUP (119)	233.38	−0.2	—	6.50	—	233.94	231.24	223.02	235.75	250.61
62	Banks (6)	250.16	−0.7	35.69	7.53	3.30	251.84	246.44	235.49	246.55	251.42
63	Discount Houses (10)	229.81	−0.2	—	9.86	—	230.31	227.70	235.35	246.29	296.16
64	Hire Purchase (3)	198.22	+0.2	15.70	9.33	8.82	197.83	197.12	186.09	201.06	226.00
65	Insurance (Life) (10)	252.61	−0.1	—	6.28	—	252.97	249.61	243.49	255.61	262.99
66	Insurance (Composite) (10)	154.61	−0.4	—	8.66	—	155.30	152.71	150.83	158.23	178.85
67	Insurance Brokers (8)	385.50	−1.1	11.93	6.24	11.40	389.60	387.71	370.66	394.88	345.24
68	Merchant Banks (13)	134.59	+1.2	—	5.98	—	133.05	133.29	127.53	140.69	145.28
69	Property (50)	396.56	—	4.85	3.59	27.89	396.43	396.23	377.11	399.81	457.98
70	Miscellaneous (9)	155.21	+0.6	20.88	7.13	5.82	154.32	152.62	145.06	159.25	152.90
71	Investment Trusts (109)	266.81	−0.8	—	5.99	—	268.96	268.36	257.70	276.34	274.80
81	Mining Finance (3)	232.49	+2.3	14.80	6.12	8.08	227.27	231.67	221.25	236.91	266.59
91	Overseas Traders (19)	383.08	−0.8	12.17	7.76	10.48	386.07	382.21	369.85	383.53	459.75
99	ALL-SHARE INDEX (750)	279.02	+0.2	—	6.56	—	278.49	278.69	265.85	278.87	292.87

FIXED INTEREST

	PRICE INDICES	Thurs., Oct. 1	Day's change %	Wed., Sept. 30	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	104.00	−0.34	104.35	—	7.82
2	5-15 years	97.72	+0.24	97.50	—	10.01
3	Over 15 years	98.92	+0.12	98.80	—	10.50
4	Irredeemables	105.82	—	105.82	—	9.05
5	All Stocks	99.86	−0.05	99.90	—	9.38
6	Debentures & Loans	76.61	+0.32	76.36	—	8.18
7	Preference	59.50	—	59.50	—	5.75

	AVERAGE GROSS REDEMPTION YIELDS		Thurs., Oct. 1	Wed., Sept. 30	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.93	13.85	11.59
2		15 years	14.27	14.28	11.58
3		25 years	14.36	14.38	11.58
4	Medium Coupons	5 years	16.21	16.10	12.97
5		15 years	16.25	16.29	13.17
6		25 years	15.80	15.80	12.93
7	High Coupons	5 years	16.21	16.09	13.13
8		15 years	16.39	16.43	13.39
9		25 years	16.01	16.00	13.17
10	Irredeemables †		14.20	14.20	11.14
11	Debs & Loans	5 years	16.75	16.82	14.04
12		15 years	17.17	17.22	13.95
13		25 years	17.19	17.23	13.87
14	Preference †		16.61	16.61	14.59

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
[illegible]							

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 228.0 248.0 — —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$87.19 — +0.60 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 86.2 86.3 ..... 15.64
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM32.25 33.90 −0.10 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Sept. 22 $3.34 3.51 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.79 17.21 −0.06 —
Int. Rentenfonds DM59.67 61.16 ..... —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Sept. 29 US$29.05 30.88 −0.51 .....

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 37.4 39.3 ..... 6.70
DL International $1.12 1.18 −0.07 5.80

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73993
E.D.I.C.T. 150.6 162.3 ..... —

The English Association
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* 59.7 63.6 ..... 7.86
E.A. Sterling* £70.25 70.33 ..... —
E.A. Equity* £59.12 62.90 ..... 1.99
Wardgate Cm. Fd.** £17.45 18.16 ..... 2.75
*Next dealing Oct. 7. **Next dealing Sept. 30.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. US$20.40 21.05 ..... 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$43.70 −0.29 1.87

Eurotax Investments Ltd.
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund 95.00 100.00 ..... —

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA. US$9.67 ..... 1.56
F. & C. Oriental Fd. US$21.26 ..... 0.47
Prices September 23. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$33.89 +0.06 1.48
Am. Vals. Cum Pf. $3* $102.25 ..... 3.00
American Vals. Com.* $11.57 ..... —
Dollar Savings Trust US$84.65 — +0.04 17.05
Far East US$29.24 −0.26 —
International US$35.88 ..... 0.64
Pacific US$93.10 ..... 0.28
World US$19.93 −0.01 —
Gilt Fund 20.4 20.6 ..... 15.17
*Prices at August 31.

First Viking Commodity Trusts
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. 26.1 27.5 ..... 4.70

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming Sept. 30 US$62.77 ..... 4.70

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
[illegible]

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. 132.0 141.3 +6.9 3.50
H.S. Fxd. Int. Fd. 82.0 86.0 ..... 14.70
H.S. Intnl. Gth. Fnd. 116.6 123.9 ..... —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$21.76 22.63 +0.03 —
CSF Fd. (Acc.) SF17.75 18.13 +0.04 —
Crossbow Fd. SF6.30 6.40 +0.04 —
ITF Fd. (Acc.) US$12.20 12.46 −0.04 69.23

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey.
[illegible]

[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Allied Hambro Ltd.

Barclays Unicorn Ltd.

Crescent Unit Tst. Mgrs. Ltd.

Fidelity International Management Ltd.

Framlington Unit Mgt. Ltd.

G. & A. Trust

Gartmore Fund Managers

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

Mercury Fund Managers Ltd.

National Westminster

Schroder Unit Trust Managers Ltd.

Scottish Widows' Fund Management

Stewart Unit Tst. Managers Ltd.

Target Tst. Mngrs. Ltd.

Trades Union Unit Trust Managers

TSB Unit Trusts

Ulster Bank

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canron Assurance Ltd.

Hill Samuel Life Assur. Ltd.

Norwich Union Insurance Group

Schroder Life Group

Sun Life Pension Management Ltd.

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 3/8	99 1/8	Treas. Variable '81‡‡	99 1/2	–1/32	15.70	16.57
100 1/2	99 1/2	Exch. 12 3/4pc 1981‡‡	99 1/2	–1/32	12.83	16.38
98 1/2	95 1/2	Treas. 8 1/2pc '80-82‡‡	97 3/4	–1/8	8.71	16.27
96 1/8	91 5/8	Treasury 3pc '82‡‡	96 1/8	+1/8	3.12	13.85
107	99 3/4	Treasury 14pc '82‡‡	99 3/4	–3/16	14.18	15.66
99 1/2	98 1/2	Treas. Variable '82‡‡	99 1/2	......	15.75	16.69
96 1/2	93 1/2	Treasury 8 1/4pc '82	94 5/8	–1/8	8.74	16.29
96 1/2	93 1/2	Exch. 9 1/4pc 1982	94 1/8	–1/8	9.83	15.98
95 1/4	92 1/8	Exch. 8 3/4pc 1983	93 1/4	–1/4	9.38	14.46
92 1/4	84 3/4	Exch. 3pc 1983	88 1/2	......	3.39	12.21
99 1/8	95	Treasury 12pc 1983‡‡	95	–1/4	12.63	15.99
99 1/2	96 1/4	Treas. Variable '83‡‡	99 1/8	......	15.76	16.17
91 1/4	90 1/4	Treasury 9 1/4pc '83	90 1/4	–1/2	10.25	15.63
101 1/2	95 3/8	Exch. 13 1/2pc '83	95 3/8	–1/2	14.15	16.04
94 1/8	89 1/2	Exch. 10pc 1983	89 3/8	–1/2	11.19	15.85
88	83 1/2	Funding 5 1/2pc '82-84‡‡	83 1/2	–1/4	6.59	14.14
96 1/4	90 1/4	Exch. 11 1/4pc 1984	90 1/4	–1/2	12.47	16.03
103 1/2	95 3/8	Exchequer 14pc 1984	95 3/8	–1/2	14.68	16.16
82 5/8	77 1/4	Exch. 3pc 1984	77 1/4	–1/4	3.88	13.23
98 1/4	90 5/8	Treasury 12pc 1984	90 5/8	–1/2	13.24	16.07
107 1/4	97 3/4	Treasury 15pc 1985	97 3/4	–1/2	15.35	15.82
98 3/4	89 1/8	Exch. 12pc Cnv. '85	89 1/8	–1/2	13.46	16.23
76	71	Treasury 3pc 1985	71	–1/4	4.23	13.32
96 1/2	86 1/4	Treasury 11 1/2pc 1985●	86 1/4	–1/2	13.26	16.26
98 3/4	88 1/2	Exch. 12 1/4pc 1985	88 1/2	–1/2	13.84	16.11
97 1/8	86 1/4	Exch. 11 3/4pc '86	86 3/4	–1/2	13.54	16.02

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Public Board and Ind.				
54	57 1/4	Agric. Mt. 5pc '59-89	57 1/2	......	8.88	14.59
29 1/2	23 1/4	Met. Wtr. 3pc 'B'	24xd	......	12.61	14.76
114	97	U.S.M.C. 9pc 1982	97	......	9.60	—
97 3/4	91	Do. without Warnts.	94 1/2	+1/2	9.86	—
		Financial				
101 1/2	94 3/4	FFI 14pc '83	94 3/4	......	14.89	16.86
93 1/2	88 1/2	FFI(UK Fn)5 1/2pcDb. '80-2	92xd	......	5.98	15.19
83 1/2	77	Do. 6 3/4pcDb. '81-84	80	......	8.06	15.59
93	84 1/2	Do. 10 3/4pc Uns.Ln. '86	86	......	12.59	15.95
92	80	Do. 11pc Uns.Ln. '88	83	......	13.70	15.25
92	80	Do. 11 3/4pc Uns.Ln. '90	82	......	14.87	16.45
94 1/2	78 1/2	Do. 12 1/2pc Un. Ln. 1992	79xd	......	15.82	16.80
64 1/2	54 1/2	Do. 7 1/4pcADeb. '89-92	55	......	13.73	16.68
62	51 1/2	Do. 7 1/4pcADeb. '91-94	52xd	......	13.94	16.33
72 1/2	60 1/2	Do. 9pc 'A' '91-94	60 1/2xd	......	14.87	16.40
70	56 1/2	Do. 8 7/8pcLn. '92-97	57 1/2	......	15.76	16.90
		Building Societies				
100 7/8	98 3/4	N'wide 14 1/4pcBd11.8.82	99	......	14.90	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	73	–2	—	—
55	53 1/2	Do. 5pc Pref.	54xd	......	—	—
98	98	Chilean Mixed	98	......	3	13.08
28	14	Chinese 4 1/2pc 1898	16	......	—	—
22	11	Do. 5pc 1912	11	......	—	—
18	8	Do. 5pc 1913	8	–2	—	—
16	9	Do. 5pc '25 Boxer	10	......	—	—
94	76 1/2	Denmark 13pc 2005	78	+1/2	13	17.47
45	36	Greek 7pc Ass.	45	......	3 1/2	18.04

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأحل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.7
41	14	ACM 20c	22	−2	—	—	—
21	10	Argosy Gold NL 25c	10	......	—	—	—
229	134	Bond Corp.	134	−6	[illegible]	2.3	4.7
112	70	Bougainville I Kina	76	−3	[illegible]	1.0	‡
302	194	CRA 50c	201	−9	Q19c	1.7	5.8
25	10½	Canada Northwest	10½	−½	—	—	—
35	13	Carr Boyd 20c	15	+2	—	—	—
415	43	Central Pacific	44	......	—	—	—
35	12	Cons. Gold Mtn. N.L. 50c	15	+1	—	—	—
47	13	Cultus Pacific N.L.	14	......	—	—	—
68	22	Eagle Corp. 20c	30	......	—	—	—
40	26	Endeavour 20c	26#	......	—	—	—
560	310	G. M. Kalgoorlie 25c	560	−15	Q32½c	ϕ	4.0
25	8	Great Eastern	9	......	—	—	—
185	80	Greenbushes Tin 50c	80	−15	Q6c	1.5	4.6
275	140	Hampton Areas 10p	140	−5	2.5	5.1	2.6
168	36	Haoma Gold N.L.	37	−2	—	—	—
85	20	Intl. Mining	20	−5	—	—	—
118	29	Jimberlana (50cFP)	36	......	—	—	—
15	10	Kalbara Min 20c	12	......	—	—	—
245	135	Kitchener NL 25c	165	−5	—	—	—
105	20	Leichardt Expln.	22	−2	—	—	—
430	275	Meekatharra	360	−20	—	—	—
70	40	Metals Ex. 50c	42	−4	[illegible]	ϕ	4.2
38	20	Metramar Mins. 20cs	22	......	—	—	—
20	10	Mid East Mins. NL	10½	−½	—	—	—
290	190	M.I.M. Hldgs. 50c	232	−7	Q15c	ϕ	4.0
21	7½	Minefields Expl. 25c	7½	......	—	—	—
20	13	Newmetal 20c	16	...	—	—	—
69	41	Nickelore N.L.	45	......	—	—	—
204	149	North B. Hill 50c	161	−9	Q18c	ϕ	7.0
84	50	Nth. Kalgurli	75	+1	—	—	—
200	94	Nth. Mining Corp.	175#	......	—	—	—
122	26	N. West Mining N.L.	26	−1	—	—	—
150	106	Oakbridge 50c	133	+3	[illegible]	ϕ	3.6
185	95	Otter Ex. N.L.	95	......	—	—	—
188	118	Pacific Copper	120	−5	—	—	—
*423	140	Pancont'l 25c	144	......	—	—	—
68	42	Paringa M&Ex.5p	72	......	—	—	—
525	375	Peko-Wallsend 50c	390	......	Q15c	—	2.4
43	17½	Pelsart Res NL	17½	−½	—	—	—
120	58	Seltrust A	66	+2	—	—	—
157	18	Southern Pacific	20	−1	—	—	—
100	40	Swan Resources 20c	53	+3	—	—	—
316	75	Vulcan Mins 20c	75	......	—	—	—
18½	8	West Coast 25c	10	......	—	—	—
130	90	Westn. Cont 50c	90	......	—	—	—
335	227	Westn. Mining 50c	282xd	−9	Q14c	ϕ	3.0
27	14	Westmex	14	......	—	—	—
76	38	Whim Creek 20c	46	−2	—	—	—
101	26	York Resources	26	−2	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9	......	‡b6.0	—	—
300	210	Ayer Hitam SM1	210	......	[illegible]	1.0	‡
210	98	Geevor	160	+5	—	—	—
11	8	Gold & Base 12½p	9½	......	—	—	—
660	480	Gopeng Cons.	430	......	[illegible]	[illegible]	‡
450	310	Hongkong	310	......	21.0	ϕ	9.7
155	110	Idris 10p	150	−5	[illegible]	0.9	‡
*29	10	Jantar 12½p	23	......	[illegible]	[illegible]	[illegible]
98	70	Kamunting SM0.50	70	......	[illegible]	0.2	0.0
665	363	Killinghall SM1	500	......	[illegible]	[illegible]	3.0
114	65	Malay Dredging 10c	114	......	[illegible]	0.9	7.7
68	30	Pahang	32	......	[illegible]	[illegible]	‡
118	93	Pengkalen 10p	150	+5	[illegible]	[illegible]	5.0
380	290	Petaling SM1	290	......	[illegible]	1.6	‡
25	19	South Crofty 10p	24	......	—	—	—
225	193	Sungei Besi SM1	190	......	Q510c	[illegible]	[illegible]
185	95	Supreme Corp. SM1	100	......	[illegible]	ϕ	[illegible]
118	100	Tanjong 15p	100	......	[illegible]	[illegible]	[illegible]
90	62	Tongkah H. Tin $M1	[illegible]	......	[illegible]	[illegible]	[illegible]
410	240	Tronoh SM1	240xd	......	[illegible]	2.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	320	......	†Q45c	4.7	8.0

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	45	+10	—	—	—
25½	14	Burma Mines 10p	14	......	0.75	[illegible]	7.7
350	85	Colby Res. Corp.	92	−3	—	—	—
530	200	Cons. Murch. 10c.	270	......	[illegible]	1.5	6.4
9½	6	††Esplaura Gold	9½	+½	—	—	—
98	47	††Hemerdon 10c.	47	......	—	—	—
180	65	Highwood Res.	75	−10	—	—	—
505	260	Northgate C$1	290	−10	—	—	—
633	372	R.T.Z.	455	+10	16.0	2.2	5.0
£130½	£93½	[illegible]	[illegible]	......	[illegible]	—	[illegible]
103	13	††SPO Minerals 10p	18	......	—	—	—
47	20	Sabina Inds. C$1	20	−2	—	—	—
44	21	††SWCM 10p	24	......	—	—	—
585	465	Tara Expln. $1	572	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- †‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ✦✦ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	40xd	......	Conv. 9% '80/82	£92	......
Bertrams	8	......	Nat. 9¾% 84/89	£83½	......
Bdg'wtr. Est. 50p	400xd	......	Fin. 13% 97/02	£72¼	......
Craig & Rose £1	£13	......	Alliance Gas	63	......
Finlay Pkg. 5p	21xd	......	Arnott	222	......
Graig Ship. £1	£17	......	Carroll (P.J.)	75	......
Higsons Brew	60	......	Concrete Prods.	93	......
Holt (Jos) 25p	510xd	......	Heiton (Hldgs.)	25	......
I.O.M. Stm. £1	149	+3	Irish Ropes	42	......
Pearce (C. H.)	790	......	Jacob	60	......
Peel Hldgs.	102	......	T.M.G.	15	......
Sheff. Refrshmt	83	......	Unidare	65	......
Sindall (Wm.)	192	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	16	Vickers	15
B.S.R.	7	"Imps"	5	Woolworths	5
Babcock	9	I.C.L.	4	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	11
Blue Circle	35	Lex Service	10	Land Secs.	30
Boots	13	Lloyds Bank	20	MEPC	30
Bowaters	19	"Lots"	3½	Peachey	15
Brit. Aerospace	17	London Brick	7	Samuel Props.	13
B.A.T.	23	Lucas Inds.	18	Town & City	3½
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord.	12	Mrks. & Spncr	10	Brit. Petroleum	25
Cadburys	8	Midland Bank	25	Burmah Oil	11
Courtaulds	5½	N.E.I.	6	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	12
Distillers	17	P & O Dfd.	20	Premier	5
Dunlop	7½	Plessey	[illegible]	Shell	28
Eagle Star	25	Racal Elect.	[illegible]	Tricentrol	25
F.N.F.C.	3½	R.H.M.	[illegible]	Ultramar	40
Gen. Accident	30	Rank Org. Ord.	18	**Mines**	
Gen. Electric	55	Reed Intnl.	25	Charter Cons.	[illegible]
Glaxo	28	Sears	5	Cons. Gold	[illegible]
Grand Met.	26	Tesco	5½	Lonrho	[illegible]
G.U.S. 'A'	44	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	15		
G.K.N.	12	Tube Invest.	18		
Hawker Sidd	25	Turner & Newall	10		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 42

FINANCIAL TIMES

Friday October 2 1981

Bombing underlines oil supply threat

BY ROGER MATTHEWS

THE THREAT to Gulf oil supplies from the war between Iraq and Iran resurfaced yesterday when Iranian aircraft bombed and damaged an oil-gathering station in northern Kuwait.

U.S. AWACS radar aircraft based in Saudi Arabia monitored the attack, Mr Alexander Haig, the Secretary of State, told the U.S. Senate Foreign relations committee in Washington.

The attack should serve as "a dramatic and God-given warning" that approval of the $8.5bn (£4.6bn) sale of AWACS to the Saudis was essential to protect both Saudi security and western oil supplies, said Mr Haig.

After an emergency Cabinet meeting the Kuwaitis announced that Iran had carried out the attack, but this was strongly denied in Tehran. A spokesman for the Iranian Joint Chiefs of Staff said: "The claim is totally untrue." He also rejected suggestions that Iranian pilots might have mistaken their targets.

"This is not possible because there were no military flights outside our borders on Thursday," he added.

Tehran Radio later accused Iraq of carrying out the raid.

The bombing attack was the first to be directed at an oil installation outside Iraq or Iran since the war started just over a year ago.

It came after a sharp intensification in the fighting, with Iraq responding to growing Iranian military pressure by bombing an oil pipeline leading to Tehran's main export terminal at Kharg Island.

After suffering reverses in the central sector of the war front at the beginning of September, Iraqi forces were last weekend thrown back across the Karun River north of the previously beseiged oil refinery town of Abadan.

Kuwaiti officials said that fires started at the Umm al Aish oil-gathering station, only a few minutes flying time from the battlefront around Abadan, had been extinguished. The attack is not expected to have any effect on Kuwait's oil exports currently running at about 600,000 barrels a day.

Saudi Arabia, Bahrain and other Gulf States were quick to condemn the Iranian "agression" and said that it could hram the stability and security of the region. Iraq said the raid was further proof of the hatred Iran bears towards the Arab nation and described it as "an insane act."

Kuwait has complained several times about Iranian incursions into its airspace when raids were carried out on border crossing points. The attacks then were thought to be in support of an Iranian warning against the flow of equipment to Iraq through Kuwait.

After the initial flurry of air attacks which caused a temporary halt to oil exports from Iraq and Iran in the early months of the war, both countries have resisted bombing the other's oil installations.

The recent softening in world oil prices has caused serious concern in Tehran and Baghdad. The two countries are jointly exporting little more than 1m barrels a day, providing slim funds to sustain the increasingly heavy financial demands of their war.

Iran and Iraq go for jugulars, Page 3

THE LEX COLUMN

Clearers take a second bite

The prospect of widespread round-tripping produced its predictable effect yesterday morning, when Barclays led the clearers in raising base rates to 16 per cent. And while the authorities cannot be proud of the messiness of the operation, they can at least console themselves with the thought that the rise was the result of the relevant free play of market forces rather than overt manipulation by them as a fortnight ago.

In truth, though, the new "look no hands" system brought in during the summer depends just as much on signals — albeit less easily subject to interpretation — as the old. Barclays was watching the rate at which the Bank bought bills from the discount market on Wednesday particularly closely as a pointer to the Bank's unpublished band of interest rates.

With the interest rate markets in greater equilibrium and sterling strengthening, it looks as if this latest turn of the ratchet may prove sufficient for the time being anyway.

The clearers have resisted the temptation of making extra profits out of the increase. The Midland has come back into line with Barclays and NatWest in narrowing the spread between seven-day deposit and base rates to 1½ per centage points. Last year when rates were at this level, the general spread was 2 points and the gap has not been narrower than this since 1973.

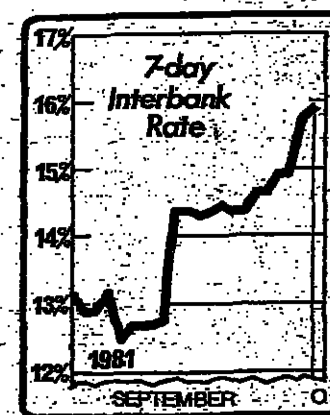
The fear of windfall taxes is plainly one factor, but the clearers also seem to be seizing the opportunity to wrest back market share. And the heaviest pressure will fall on the building societies. Next Friday's meeting of the Building Societies Association is likely to prove much more than a routine gathering to establish new rates; the existence of the cartel itself may be at stake.

Vickers

Vickers' interim figures take a lot of unravelling—but the underlying performance is stable, at a low base. Profits in the half year to June total £9.5m pre-tax: last year's published figure was £12.6m, but that included an exceptional credit of £8.2m and excluded £1.3m from Rolls-Royce Motors prior to the acquisition. So a more comparable figure for last year is £5.7m.

Part of the improvement from that level follows the sale of the business machine division—although the full scale of the

Index fell 0.4 to 475.0



losses here (£4m) did not become apparent until nearer the year-end—and there is also a small net gain from the treatment of provisions against a cancelled defence contract. Profits from motor cars are a million or two up on last year's very depressed level, while Australia and South Africa are together up by roughly £1m.

Motor car profits should be well up for the full year. Volume is being maintained, margins have been improved by the successful launch of the new model, and every 5 cent fall in sterling adds an extra £900,000 or so to profits. Against that, the defence and general engineering side is likely to show a sharp setback, and margins on lithographic plates are under pressure.

At a guess, profits for the year might be around £25m, after £18m of finance costs. That would compare with just under £20m last time, but would still be an inadequate return on capital employed of well over £300m. The scope for improvement here provides the main case for the shares at 148p, where the yield is nearly 12 per cent. But until it starts to materialise, Vickers would be hard pressed to justify the rights issue that was being widely rumoured before the recent market break.

Rights Issues

The stock market shake-out claimed its first rights issue victim yesterday when Morgan Crucible announced that it had found takers for no more than 14.5 per cent of the shares on offer. BICC could follow suit on Monday — its shares dropped 3p below the rights price to 222p yesterday — but the saving on commission and stamp duty in the new shares should just see it through.

The rights issue queue still stretches into next year but several gaps have opened in this month's calendar and, not surprisingly, there is no rush to fill them. The narrow success of Habitat's tender offer yesterday showed that an enterprising company with a persuasive story can still find buyers but opportunists would be well advised to stay on the side-lines.

After yesterday's rise in base rates, some heavily borrowed companies may be anxious enough about interest costs to try and force through an issue by widening the discount on the rights. In its present mood, the stock market would be unlikely to show much sympathy.

Grattan

Sales volume at Grattan continues to shrink as the company claws its way back to a respectable level of profitability. Turnover is down 16 per cent at the interim stage, principally because more stringent credit standards have been applied to agents. The result, however, is a release of cash which has contributed to the lower interest charge as well as a sharp reduction in bad debt write-offs from last year's exceptionally high level.

So trading profits are 10 per cent ahead of £4.7m and net trading margins have recovered to over 5 per cent. Higher base rates will push up the interest charge over the current half but the modernisation programme is now costing less and profits should total £5m at least. But this is still only half the level of a few years ago and the shares, which have doubled over the past year, are discounting a good deal more in 1982. At 90p, up 6p yesterday, they trade on about 16 times prospective fully-taxed earnings. With volume still falling and the financial cleansing almost complete, it is a little hard to see where the growth will come from.

Hanson/Berec

Hanson's formal offer for Berec concentrates on the apparent shortcomings of the latter's management in recent years, and underlines its own success story by way of contrast. Its financial arguments are a little less compelling, although the weakness of sterling and the stock market have both helped it considerably. Partly thanks to currency changes, profits growth has accelerated from 13 per cent after six months to 21 per cent after 10, and its cash terms now look a lot more attractive than they did before the market setback.

First class stamp will cost 15½p in January

By Jason Crisp

THE POST OFFICE will announce next week that it is putting up up postal charges in January. The price of sending a first class letter will rise 1½p to 15½p and a second class letter will cost 12½p, a rise of 1p.

Postal charges rose in January this year, increasing the cost of sending a letter by an average 16 per cent. The proposed increases would average 9.5 per cent which, the Post Office is likely to point out, is less than the rate of inflation.

It will be the second consecutive year that the differential between first and second class mail has been increased. Postal prices have risen by 50 per cent in real terms since 1970.

The Post Office—officially separated from British Telecom yesterday—will raise an additional £150m to £160m from the increases. The Post Office National Users' Council (POUNC), which is given three months' warning of any increase, will be sent full details next week.

The postal business made a profit of £23.3m on a turnover of £2.1bn last year, substantially less than the target set by the Government of profits of 2 per cent of turnover. It is unlikely to meet that target in the current financial year, although it will not ask the Government to increase its external financing limit set at £10m this year.

Total and Elf win offshore licences

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE GOVERNMENT yesterday ended a North Sea development wrangle with France's two leading oil companes—Total and Elf—by including them in the award of 11 offshore oil exploration and production licences.

The awards end the Government's seventh round of offshore licencing under which 90 blocks have been allocated—37 in March and 42 last December.

The Government had refused to grant licences to Total and Elf until the companies agreed to transport natural gas from their Alywn field discovery through the proposed UK gas gathering pipeline. The Alwyn Field still needs development aproval.

However, the demand lapsed last month when the Government abandoned plans for the pipeline.

The end of the dispute cleared hte way for the award of seven licences involving the two companies and four more which had been delayed for other reasons.

The wrangle had embroiled British Petroleum since it is a partner with either Total or Elf in four of the blocks awarded yesterday.

IN A draft resolution to be put before the Council of Ministers, the European Commission partially confirms that British industry is paying more for its energy than continental competitors. The resolution calls for EEC member countries to work for "a greater harmonisation" of energy prices.

Of the 11 awards, one lies in the relatively-unexplored South Western Approaches, two are in promising parts of the English Channel and eight are in the deep and stormy waters lying to the North of Shetland.

British Gas and BP have been awarded a block abutting the Dorset coast not far from their prolific onshore Wytch Farm field—at a time when the Government is forcing British Gas to sell off its stake in Wytch Farm to the private sector."

BP, which fared poorly in March's allocation, has interests in five blocks this time—in three of them as operator. Esso is involved in two licences and is operator for both.

The London stock market saw some upward movement in oil shares yesterday, although mostly because of the attack on Kuwaiti oil installations. BP finished the day up 10p at 270p.

The seventh round boosted the shares of some of the smaller companies, notably Pict Petroleum, up 40p to 210p. London and Scottish Marine Oil rose 20p to 438p.

The Department of Energy refused to award seven blocks in the seventh round under its discretionary licencing system.

It would say yesterday only that some applications had failed to meet its criteria. It gave no indication when the Government might hold an eighth round.

The way may now be clear for early Government approval of Total and Elf's plans for Alwyn. The French companies hope to feed any gas they find into an existing pipeline running nearby from the Frigg field. Elf is operator for Frigg and Total is the lead company for its pipeline system.

IBM to make sweeping changes

BY PAUL BETTS IN NEW YORK

INTERNATIONAL Business Machines (IBM), the world's largest computer manufacturer which employs 340,000 people in 125 countries and has annual revenues of more than $26bn (£14.2bn) last night announced sweeping changes in its U.S. operations.

The restructuring is IBM's latest and most dramatic response to increasingly fierce competition in the data processing industry. It comes barely a month after IBM announced its first line of small business computers and its entry into the fast-growing personal computer market.

The company is realigning all of its marketing and service divisions in the U.S. under a single group management. The development and manufacturing divisions have also been restructured into two groups.

IBM, which has traditionally rigorously avoided laying off employees, also announced there would be no cuts in its workforce.

The decision to place all marketing and sales operations under one management may be the most significant change. In the past, IBM's main divisions, including data processing, general systems and office equipment, have operated as separate groups that have often found themselves competing against one another for sales of products which overlapped.

Mr John Opel, IBM's president, said yesterday that the new marketing group organisation was the first step towards IBM's objective of offering its entire product line through individual marketing units.

The restructuring of IBM's manufacturing and development operations into two groups will now place similar or related products under common management. Mr Opel said this would enable the company to take greater advantage of rapid changes in technology and to co-ordinate long-range planning.

Under the new reorganisation, the Information Systems Group will be responsible for U.S. marketing and service operations of data processing, general systems (which include the personal computer), information records, office products, customer service and sealed engineering divisions.

The two manufacturing and development groups will be called I nformation Systems and Technology Group, and Information Systems and Communication Group.

Agreement at Times averts closure

By Christian Tyler, Labour Editor

THE CLOSURE of the Times and Sunday Times was averted last night after a second intervention by Mr Len Murray, TUC general secretary.

Mr Murray persuaded Mr Rupert Murdoch, chairman of News International, Times Newspaper' parent company, to accept a statement signed by leaders of the National Graphical Association, guaranteeing normal working by the machine managers of the Sunday Times, whose pay and manning claim provoked the crisis.

Last night, the machine managers' chapel (office branch) also agreed to accept the compromise solution.

The settlement was welcomed by Mr Murdoch who warned, however: "If there is any disturbance to regular production the people concerned will be dismissed without further warnings. We cannot afford another incident such as this which has already cost us more than £1m."

At the same time he said negotiations would be sought immediately with all the main unions at Times Newspapers, about improvements in efficiency and large scale economies.

The company was earning £100m a year in revenue, and it was "an absurdity" that the newspapers should not already have a profitable and expanding future on such a base.

The machine managers had rejected the terms of a temporary settlement on Tuesday night because they feared about a quarter of their 101 jobs would be axed.

Mr Murdoch had initially insisted that the truce be signed by Mr Vic Dunn, father of the chapel.

Under last night's agreement, it was signed by Mr Les Dixon, president of the NGA; Mr Tony Dubbins, assistant general secretary; Mr George Jerrom, national officer responsible for Fleet Street; and Mr Bill Booroff, a London region official. It was witnessed by Mr Murray.

The agreement says suspension by the management of all 1,400 Sunday Times staff would end immediately and they would go back to work on existing manning levels and terms of employment.

There would be no interruption of production and strict observance of procedures by management and unions.

All suspended staff apart from the NGA machine minders would suffer no loss of pay.

They said they had stuck

The company, the NGA and the Natsopa union would enter into immediate negotiations about a joint pressroom agreement.

Weather

UK TODAY

A COLD, showery north-westerly airstream will cover most of the country.

London, England, Wales, S.W. Scotland, Channel Isles
Rain, heavy in places. Sunny intervals. Max. 17C (63F).

N.W. Scotland, N. Ireland
Showers, heavy and wintry on hills. Max. 12C (54F).

Outlook: Sunny intervals and showers. Windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	L. Ang.†	T	18	64
Algiers	F	29	84	Luxmbg.	S	16	61
Amsdm.	F	19	66	Luxor	S	40	104
Athens	S	26	79	Madrid	F	22	72
Bahrain		—	—	Majorca	F	24	75
Barclna.	C	22	72	Malaga	F	28	82
Beirut	S	28	82	Malta	S	25	77
Belfast	R	10	50	M'chstr	R	16	61
Belgrd.	R	15	59	Melbne.	C	20	68
Berlin	C	16	61	Mx. C.†		—	—
Biarritz	C	18	64	Miami†	F	24	75
Bmghm.	R	17	63	Milan	S	19	66
Blackpl.	R	15	59	Montrl.†	F	1	34
Bordx.	C	18	64	Moscow	S	19	66
Boulgn.	F	18	64	Munich	F	11	52
Bristol	C	17	63	Nairobi		—	—
Brussels	S	19	66	Naples	C	22	72
Budpst.	C	16	61	Nassau		—	—
Cairo	S	32	90	Nwcstl.		—	—
Cardiff	R	16	61	N York†	R	11	52
Cas'b'ca	F	23	73	Nice		—	—
Cape T.	S	20	68	Nicosia	S	28	82
Chicg.†	C	12	54	Oporto	C	19	66
Cologne	S	16	61	Oslo	R	14	57
Cpnhgn.	S	16	61	Paris	S	17	63
Corfu	F	21	70	Perth		—	—
Denver†	F	8	46	Prague	C	16	61
Dublin	R	10	50	Rykjvk.	Sn	−1	30
Dbrvnk.	F	19	66	Rhodes	S	25	77
Ednbgh.	R	9	48	Rio J'o†		—	—
Faro	C	21	70	Rome	S	23	73
Florence	S	22	72	Salzbg.	S	17	63
Frankft.	F	16	61	S'ciscot	F	13	55
Funchal	C	24	75	S. Mritz.		—	—
Gibrltr.	C	22	72	Singpr.		—	—
Geneva	S	15	59	S'tiago†		—	—
Gl'sg'w	R	10	50	Stckhm.	F	16	61
G'rnsey	R	13	55	Strasbg.	S	16	61
Helsinki	C	12	54	Sydney	C	32	90
H. Kong	R	26	79	Tangier	C	21	70
Innsbrk.	S	17	63	Tel Aviv	S	28	82
Invrnss.	R	8	46	Tenerife	S	26	79
I.o.Man	R	14	57	Tokyo	R	18	64
Istanbul	F	23	73	T'r'nto†	R	6	43
Jersey	R	15	59	Tunis	S	28	82
Jo'burg	S	21	70	Valencia	C	22	72
L. Plms.	F	25	77	Venice	S	19	66
Lisbon	S	21	70	Vienna	C	15	59
Locarno	S	18	64	Warsaw	S	19	66
London	F	20	68	Zurich	C	12	54

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

Mortgage

base rates will put even more pressure on societies.

A rise to 15 per cent would increase gross monthly repayments on a £15,000 loan over 25 years from £170.55 (at 13 per cent) to £193.30. An increase in the mortgage rate to 15½ per cent would increase payments to £199.20.

A proposal that building societies introduce a standard mortgage rate and scrap differential mortgage rates for higher loans may be discussed at next week's meeting.

The Housebuilders Federation warned yesterday that a rise in the mortgage rate would further reduce demand for new houses.

Continued from Page 1

Base rates

inflation are bound to be worsened by the base rates increase. Sir Raymond Pennock, the CBI president, warned that the increase in business costs, which is estimated at about £1bn in a full year, will tend to increase prices.

A more immediate inflationary impact will come from mortgage rates. Every extra point on mortgage rates raises the rtail price index by about 0.2 per cent.

The upward pressure on the RPI will be particularly unwelcome at the moment, since the annual rate of retail inflation showed its first significant increase for over a year in August, rising to 11.5 per cent.

In the longer term, the Government's view is that the maintenance of competitive pressure by upholding the value of sterling and the control of the money supply will more than offset these influences on both inflation and output.

In his appearance on radio and television yesterday the Chancellor laid even greater stress on the need to reduce the level of pay settlements and to control public spending in order to restore the international competitiveness of British industry

The danger of loosening the competitive pressure on the economy by allowing a fall in the exchange rate appears to be looming larger in the Government's thinking at present than purely domestic monetary considerations.

ENI in Soviet gas pipe project

BY JAMES BUXTON IN ROME

NUOVO PIGNONE, the manufacturing subsidiary of the state-owned ENI energy group, has won a contract to supply 19 of 41 compressor stations for the Soviet gas pipeline to Western Europe.

ENI—Ente Nazionale Idrocarburi — yesterday confirmed that it would be virtual co-sharers along with a German-French consortium in arranging the supply of nearly all the compressor stations to the 3,500-mile gas pipeline, described as the largest international energy-sharing project in the world.

The value of the Nuovo Pignone order was not revealed, but a figure of $1.1bn (£611m) has been unofficially quoted in recent weeks. The size of the contract won by the West German-French consortium for the other 22 stations would confirm this. The consortium, comprising Mannesman Anlagebau and Creusot Loire, has been awarded the contract to organise the supply of 22 compressor stations, worth DM 2.2bn (£527m), to be be set up along the pipeline route.

Italy decided firmly only in the past few weeks to participate in the pipeline project. It envisages taking between 4bn and 8bn cu metres of gas from it for 25 years from 1985.

The Soviet Union is understood to have expressed a preference for the use of Nuovo Pignone's compressor technology in the pipeline.

One remaining question is how the contract will be financed. It was reported initially that, because of spending constraints, Italy was reluctant to put up more than $500m to finance its share of the pipeline, even though the burden it was being asked to take on was between $2.5bn and $3bn.

Other Italian concerns which expect to be involved in subcontracts on the pipeline are Fiat and Italsider, the state steel concern.

Our Industrial Staff adds: The order confirms that the gas turbine business for the new Soviet pipeline has gone to European manufacturing associates of General Electric of the U.S. Of the 125 turbines ordered, AEG-Kanis will supply 47, Nuovo Pignone 57 and John Brown Engineering 21.

GE and its associates, which manufacture heavy-duty turbines to a GE design, have been large suppliers to the Soviet Union for several years.

A major rival to the GE is the light weight, aero-derivative gas turbine in which Rolls-Royce is the leading supplier.

Contract for W. Germany, Page 5

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